



# **ANNUAL BUDGET OF GASEGONYANA LOCAL MUNICIPALITY**

**2017/2018 TO 2019/2020**



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## 1.1 MAYOR'S SPEECH

- Honourable Speaker of Council;
- Chief Whip of Council;
- Fellow Councillors;
- Distinguished Guests;
- Municipal Manager and Senior Managers;
- Members of the Media;
- Your Excellencies and all members of traditional houses
- Leaders of the Party that I refer to as my 'second home', the African National Congress,
- Leaders of all Political Parties represented in our Council
- Leaders and members of SAMWU and IMATU present here
- Fellow residents of GaSegonyana
- Comrades and Friends

Allow me to take this opportunity and greet our great people of GaSegonyana, and to thank all of you for being here with us today to hear the good stories that we continue to tell about GaSegonyana.

Honourable Speaker and fellow Councillors, this year is known as the year of O.R. Tambo – a visionary leader, teacher, theologian, scholar, intellectual and unifier. My emphasis would be based on unity as I have always reiterated in this Council. O.R led our people during the difficult period under apartheid rule whilst our leaders were in exile and imprisonment. We should emulate great leaders such as O.R in order to unite and represent our people.

More importantly, the best tribute to O.R. Tambo and a sustainable means to immortalise his legacy, is best asserted through entrenching his values in the government work that we do. Our approach to political leadership, conflict resolution, sensitivity to community problems and strategic governance choices must exemplify the kind of political personality that OR Tambo represented.

Honourable Speaker, I want to say that we have to further draw from President Tambo's values of selflessness, respect, caring, giving, unifying, empowering and visionary leadership among others. These values must translate to a practical attack on poverty, inequality and an effective delivery of services.

Let us find each other and agree to disagree when we are faced with varying views on matters before this Council. We must all find synergy in our political ideologies in order to deepen the unity of purpose.

Let us also as we continue to gather in such meetings call for robust discussions in our processes of formulating policies which go through and are adopted by this Council. This is one of the ways of putting unity in action. The call for robust discussions should not be misconstrued for disruptions of Council proceedings

and processes. I uphold the role of the opposition as duty bound to hold the ruling accountable. This while the ruling party is duty bound to run government in a manner that is transparent. This social contract between the parties represented in this Council remains a cornerstone of our democracy. This relationship exists because of the overwhelming will of the people who voted for us in the 2016 Local Government Elections.

I would like to pledge solidarity with our Muslim brothers and sisters who are going to be observing the holy month of Ramadan – which is a time for reflection through fasting and prayers: to you I wish peace and success. Ramadan Mubarak.

Ladies and gentlemen, our area has been blessed with many men and women who have made significant contributions to the economic, social, marketing, political and cultural development of GaSegonyana. I am here referring to our fallen heroes, heroines and living legends. Allow me to make special mention of a young and focussed lady, Mpho Cornelius, who represented Gasegonyana and Kuruman as a whole very well in Durban during the tourism indaba which was held two weeks ago, the tourism indaba is the biggest travel show in Africa, which attracts thousands of both national and international delegates. Mpho owns a place called 'The Workshop ko Kasi', which houses a Laundromat, kasi cafe and are soon to open an African Spa. They are based in Mothibistad. She was chosen as one of the top 10 businesses in the Northern Cape after undergoing vigorous training and assessments. On Thursday the 25<sup>th</sup> of May 2017, 'The Workshop ko Kasi' hosted an Africa Day celebration, under the theme 'Embracing Africa'.

"I am an African, I owe my being to the hills and the valleys, the mountains and the glades, the rivers, the deserts, the trees, the flowers, the seas and the ever-changing seasons that define the face of our native land;

A few days ago, on the 24<sup>th</sup> & 25<sup>th</sup> of May 2017, the whole of Africa and the Diaspora celebrated an important milestone, the African day. We remember the vision, sense of clarity and purpose that our leaders displayed in their collective resolve to unite Africa and free her from the chains of colonial domination and associated ills.

Africa Day presents an opportunity for South Africans to reconnect and recommit themselves in support of all government interventions to develop a better Africa and a better world.

We salute Kwame Nkrumah, Jomo Kanyeta, Samora Machel, Joshua Nkomo, Augustino Neto, Sam Nujoma, Patrice Lumumba, Thomas Sankara, Julius Nyerere, Kenneth Kaunda, Oliver Tambo, Nelson Mandela and many other progressive revolutionaries and founding fathers of African unity.

Ladies and gentlemen, our country is in 'panic mode' following wide-spread violence against foreign nationals. I am told that even here in our shores, a few weeks ago, aggrieved residents of Mothibistad and Tswelelopele were caught in a brawl regarding theft in those areas.

Failure by the police to act on crime will fuel attacks in our towns and townships where foreign nationals reside. This, coupled with irresponsible and reckless statements made by some political leaders will lead us to a situation of where brother fears brother and brother hates brother, as Africans turn their backs on social cohesion.

Ladies and gentlemen, communication is at the heart of service delivery – if our people cannot access our municipality to report defects, this sharply increases the occurrence of protests. It is for this reason we have to investigate ways of improving communication with communities, whether via social media applications or SMS service.

In addition we note the following efforts to improve communications:

- On a regular basis we need to include a PDF newsletter to go out with our electronic municipal accounts. It is low cost and targets our main stakeholders directly.
- Nothing can replace the power of human feedback. The Municipal Manager should start to establish a small unit located in our Infrastructure department to do direct telephone and direct contact feedback to residents on complaints and progress made on these.
- Colleagues, let us all play our respective roles to make sure that we become a successful collective, a team of winners who worked tirelessly to turn this municipality around.

In this Information Age, an informed society is an empowered society. It is for this reason that libraries are important when education is emphasising more and more independent learning. Our community must be able to find and use information.

I am pleased to report that [39 242] library books were procured in the past five years and more than [35 000] of them are shelf-ready.

Today the people of Batlharos, Seoding, Mothibistad and surrounding areas have libraries closer to where they stay. Le ko go ba bangwe menyella (ditshono) e tshwanang le e, e tla tla! Re mmuso wa batho ka batho!

Let me also come to another pressing matter that has become a sensitive and serious topical issue facing our people in GaSegonyana. This is a matter which relates to cemeteries. In most cultures, burials are treated with dignity and decorum. Our cemeteries are not in a good state and that cannot be correct. Money needs to be channelled to these cemeteries to fix them.

Honourable Speaker, allow me to make a clarion call to all our people who qualify for indigents packages to come forward and register so that they also can benefit from this package. Our Indigent policy is a short-term intervention that enables access to free services whilst we integrate our people into sustainable means of improving their economic conditions.

Indigents and qualifying households will receive the following benefits:

- ♣ 6 Kilolitres of water
- ♣ 50 Kilowatts of electricity
- ♣ Indigent owners and child-headed families will receive a 100% rebate from rates and services;
- ♣ All residential properties with a market value of less than R25000 are exempted from paying rates;
- ♣ All qualifying senior citizens and disabled persons are exempted from paying rates on the first R25000 value of their residential properties; and they further apply for more exemption.
- ♣ All Churches and registered Public Benefit Organisations (PBOs) are also exempted from paying assessment rates.

There are currently 3421 indigent households receiving free basic services in the municipality and in the coming financial year, R3.7 million will be spent on providing Free Basic Services to 3421 households.

We are satisfied Honourable Speaker that the budget decisions that we have made are reflective of the developmental aspirations of our communities on the ground.

I am therefore humbled Honourable Speaker to present for approval the **2017/2018** Medium Term Revenue and Expenditure Framework (MTREF) for the **2017/18**, **2018/19** and **2019/20** financial years.

The MTREF proposes a total budget of **R 332 million** for the **2017/18** financial year. The main contributors to the operating revenue are the following:

- Rates R 39 million (representing 11.76% of total operating revenue)
- Electricity R 90 million (representing 27.19% of total operating revenue)
- Water R 18 million (representing 5.6% of total operating revenue)
- Sanitation R 12 million (representing 3.7% of total operating revenue)
- Refuse Removal R 9 million (representing 2.7% of total operating revenue)
- Operational Grants R135 million (representing 40.52% of total operating revenue)

It appropriates a total operating expenditure of **R331 million** for **2017/18** financial year, **R349 million** for the **2018/19** financial year and **R369 million** for the **2019/20** financial year.

The main contributors to the operating revenue are the following:

- Employee Related Costs- R112 million which comprises 34% of the budget.
- Remuneration of Councillors- R 8 million representing 2.6% of the budget
- Depreciation- R36 million which represents 11% of the total operating expenditure.
- Bulk Purchases- R75 million representing 23% of the total operating expenditure.
- Contracted Services- R37 million representing 11% of the budget.

The final budget further proposes a total capital expenditure of R95 million for 2017/18 financial year, R137 million for the 2018/19 financial year and R195 million for the 2019/20 financial year.

Honourable Speaker, the following projects need to be flagged and highlighted as they will be undertaken in the 2017/18 financial year:

ITEM	2017/2018 Amount
Rural Sanitation programme	R 8.2 million
Upgrading of gravel internal road to paved road in Ncweng	R 5.3 million
Upgrading of gravel internal road to paved road in Seoding RDP	R 6.6 million
Upgrading of gravel internal road to paved road in Magojaneng	R 12.2 million
Upgrading of gravel internal road to paved road in Bankhara Bodulong	R 11 million
Upgrading of the vergenoeg - Maruping link road to bituminous standard	R 2.3 million
Upgrading of the vergenoeg - Batlharos link road to bituminous standard	R 805 thousand
Upgrading of Mandela Drive to Mothibistad road	R 941 thousand
Gantatelang water network extention	R 309 thousand
Construction of Seven Miles community hall	R 3 million
Construction of Sedibeng community hall	

Honourable Speaker; we can confirm without any equivocation that no effort was spared in making sure that the compilation of this annual budget was



executed in a manner which complies with the relevant provisions of the MFMA and budget related regulations.

On tariff increases Honourable Speaker let me indicate that the tariff increases for the 2017/18 budget have been determined at **6.4%** on **property rates**, **2.2%** on **electricity** and **7.4%** for **water, sanitation, refuse** and **other services**.

Bulk purchases on **electricity** also increased by **0.31%** which is in line with the guidelines of the National Energy Regulator of South Africa (NERSA).

Honourable Speaker, with our service delivery fast tracking strategy "Getting the Basics Right, Our Programme for Restoration", we aspire for a GASEGONYANA where there shall be no potholes, a GASEGONYANA where the trees shall be trimmed and grass cut, a GASEGONYANA where there shall be no sewer and water leaks, a GASEGONYANA where there shall be no electricity powers failures, a GASEGONYANA where there shall be no heaps of waste, and where our communities will be joining hands with us in combating vandalism to public property and cable theft.

We are also delivering on several infrastructure projects aimed at improving the lives of our people and they need the protection of our communities as they are meant for them.

Honourable Speaker, this is the reason why I have been travelling the length and breadth of our municipality visiting all municipal projects and works sites to monitor progress or regress made. It is these oversight visits which help us to ensure the completion of projects. Working with relevant stakeholders and contractors, we have restarted projects that had been previously halted by labour and contractor competency issues.

It is when all these basics are right that we will be able to restore the confidence, dignity and integrity of our people thereby attracting investment to create jobs to make a dent on the triple threat of unemployment, poverty and inequality.

Compatriots, Section 28 of the MFMA requires that we re-table the adjustment budget if any funds were received from sector departments after we have approved our adjustment budget.

We have received the following grants after tabling the adjustment budget in January.

RBIG- R 12 million

INEP- R2 million

Library- R230 thousand

Conclusion:

Let me also remind this august house that the Municipal Manager, Mr Edward Ntefang's employment contract comes to an end on the 30<sup>th</sup> of June 2017. He leaves behind a proud legacy of steadfastness, resilience and selflessness for his exceptional and outstanding contribution and sacrifice to the community of GaSegonyana. His unwavering determination to serve his people and his commitment to the prosperity of our municipality will be sorely missed. Farewell to one great Manager. Your hard work and dedication were an important part of our team. You have been a much appreciated and highly regarded asset to this Municipality. As you turn the page in your life's story, we join together in wishing you every success in all your future endeavors Bro Eddie.

In the context of prudent financial management amidst hostile global economic conditions, we will have to put extra efforts and measures in ensuring that each and every cent of this budget is used for its intended purpose.

We remain strongly committed to the principles of accountability, transparency, anti-corruption, proper financial management and effective internal control systems.

I reiterate my willingness to work together with all political parties, stakeholders and communities to find workable solutions for the diverse range of developmental challenges facing this municipality.

Ladies and gentlemen, we remain committed to running a clean and accountable government. Our aim is to improve the audit outcome by the Auditor-General from a Disclaimer to an Unqualified Audit opinion outcome by refining and ensuring effective leadership based on ethical business practices and good governance, protecting and enhancing the best interests of the municipality

As your Mayor, I am committed to strengthening governance systems and promoting clean administration as the backbone of effective service delivery and leading us to obtaining clean audit outcomes.

As I descend this podium, please allow me to thank all my Executive Committee Members, each of our Ward and Proportional Representative Councillors, the Speaker and Chief Whip of Council, the entire staff compliment of GaSegonyana Local Municipality and lastly my family for having been with me through thick and thin. I will always cherish your support.

Honourable Speaker I hereby table the adjustment budget for 2016/17, Reviewed IDP for 2017/18, the final Budget for 2017/18 and Budget Related policies for approval.  
Thank You!



## 1.2 BUDGET RESOLUTIONS

### COUNCIL

: 2016-05-30

#### 1 ANNUAL BUDGET 2017/18 AND REVIEWED IDP FOR 2017/18

(6.1.1 2017/18) (Municipal Manager)

#### PURPOSE

To **CONSIDER** and **APPROVE** the Budget for 2017/18 that has been deliberated and compiled in terms of section 24 of the Municipal Financial Management Act 56 of 2003.

#### BACKGROUND

National Treasury's MFMA circular 86 was used to guide the compilation of the 2017/18 MTREF. Tariff increases were based on the CPI/Inflation of 6.4% and Electricity tariff increase was based on 2.2% as per NERSA guidelines.

#### Find the following documents attached:

- Executive summary
- Annual Budget for 2017/18
- Reviewed IDP 2017/18
- MIG Project List
- Capital Budget
- Tariff Schedule
- Budget Related Policies
- MFMA Circular 86
- MFMA Circular 82

#### 1.2.3 LEGAL AUTHORITY

In terms of Section 24(1) of MFMA, Act 56 of 2003, the annual budget must be tabled at least 30 days before the start of the financial 2017/18. The Mayor should table the budget and the draft Reviewed IDP simultaneously.

Section 17(1) of MFMA, an Annual Budget of a Municipality must be a schedule in the prescribed format-

- (a) Setting out realistically anticipated revenue for the budget year from revenue source;
- (b) Appropriating expenditure for the budget year under the different votes of the municipality;
- (c) Setting out indicative revenue per revenue source and projected expenditure by vote for the two financial years following the budget year;

- (d) Setting out-
- (I) estimated revenue and expenditure by vote for the current year; and
  - (II) actual revenue and expenditure by vote for the financial year preceding the current year; and
- (e) A statement containing any other information required by section 215(3) of the Constitution or as may be prescribed.

**Council RESOLVED**

1. That the Council of Gasegonyana LM, in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves the Annual budget of the municipality for the financial year 2017/18 and the multi-year and single-year capital appropriations as set out in the following tables:
  - Budgeted Financial Performance (revenue and expenditure by standard classification) Table A2
  - Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table A3
  - Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table A4; and
  - Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table A5.
2. That in terms of Section 24(c) (v) of the Municipal Finance Management Act, Act 56 of 2003, the budget related policies, including any amendments be approved for the budget year 2017/18
3. That the General Tariffs as set out in the Tariffs Schedule with any amendments be approved for the 2017/18 financial year
4. That the capital budget and MIG project list be approved
5. That MFMA Circular 82 and 86 be approved
6. That the 2017/18 Annual budget and Reviewed IDP be submitted to both National and Provincial Treasury.
7. That the reviewed organogram be noted.

## **1.3 EXECUTIVE SUMMARY**

### **1.3.1 INTRODUCTION AND BACKGROUND**

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainable, economically and equitably to all communities. The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process.

The Budget has been compiled within the framework of the Municipal Financial Management Act (No 56 of 2003), Municipal Budget and Reporting Regulations (MBRR), MFMA Circulars No 51, 54, 55, 58, 59, 66, 67, 70, 72, 74, 75, 78, 79, 85 and 86.

The 2017/18 Medium Term Budget continues to focus on ensuring financial sustainability while delivering on the programmes outlined in the Integrated Development Plan (IDP)

The budget also takes into consideration the incorporation of new wards into the municipal area

The publishing of the regulation on the Standard chart of Accounts (SCOA) on 22 April 2014 will have a profound effect on the business of local government. This reform is not limited to a financial reform, but a business reform as a whole. It is the largest reform since the promulgation of the Municipal Finance Management Act in 2003. The following are extracts from the preamble to the regulations: "Section 216 of the Constitution of the Republic of South Africa, 1996, provides that national legislation must prescribe measures to ensure transparency and expenditure control in each sphere of government by introducing generally recognised accounting practice, uniform expenditure classifications and uniform treasury norms and standards."

"These Regulations propose segments and a classification framework for the standard chart of accounts to be applied in local government in similar form to that implemented for national and provincial government departments. In order to enable the National Treasury to provide consolidated local government information for incorporation in national accounts, national policy and other purposes, it must obtain financial information from individual municipalities.

" The regulations contain amongst others, segment and classification framework for SCOA, minimum business process and system requirements and responsibilities of municipal councils and accounting officers. The segments classification consists of the following:

- **Funding segment** – This segment relates to the various sources of funding available to municipalities and municipal entities for financing expenditure relating to the operation of the municipality and provides for both capital and operational spending.
- **Function segment** - This segment provides for the classification of the transaction according to the function or service delivery objective and provides for the standardisation of functions and subfunctions across local government.
- **Municipal Standard Classification Segment** - This segment provides for the organisational structure and functionality of an individual municipality, which is not prescribed.
- **Project Segment** - This segment provides for the classification of capital and operating projects on the basis of whether it relates to a specific project and if so, the type of project.
- **Regional Indicator Segment** - This segment identifies and assigns government expenditure to the lowest relevant geographical region within which the intended beneficiaries of the service or capital investment are located.
- **Item Segment** - This segment provides for the classification of item detail in the presentation of the financial position, performance and cash flow according to the nature of the transaction either as revenue, expenditure, asset, liability or net asset.
- **Costing Segment** - This segment provides for a classification structure for secondary cost elements with reference to departmental charges, internal billing etc. and acts as a cost collector in determining inter alia total cost of services.

The 2017/2018 Medium Term budget is a total consolidated revenue of R 426 million which has been developed with an overall planning framework and includes programmes and projects to achieve the municipality's strategic objectives. This budget was set against the background of slow economic growth, rising debt & higher interest rates where tough fiscal choices had to be made. Provisions in this medium term budget continue to support government's commitment to broadening service delivery and expanding investment in infrastructure, while taking into account the constrained fiscal environment.

Revenue generated from sale of electricity remains the major source. The Municipality distributes electricity through prepaid electricity meters as well as conventional meters. Prepaid electricity is 32% of total electricity and Conventional is 68% of the total electricity.



Tariff increases must be limited to be within the affordability levels of our community and must still promote economic growth to ensure financial sustainability. The **inflation outlook** as set out in Circular No 86 issued on 8 March 2017 is set at **6.4%**.

As announced by NERSA and also contained in Circular 86, the bulk purchases from Eskom will increase with 0.31%.

In terms of Council's social commitment to assist the poorer communities in Gasegonyana LM, provision was also made for the supply of free basic services. The total amount budgeted for **free basic services** to our community amounts to **R3 747 Million**.

The **Capital Budget of R95 256 million for 2017/18 is 27% less** when compared to the 2016/17 Budget. The reason for this steep decrease is largely due to the fact that our WSIG allocation has decreased from R55 million to R35 million. The Capital Budget is largely driven by projects emanating from the IDP projects identified by the community.

#### **Consolidated Overview of the 2017/18 MTREF**

	<b>Adjustment 2016/17</b>	<b>Budget Year 2017/18</b>	<b>Budget Year 2018/19</b>	<b>Budget Year 2019/20</b>
<b>Total Operating Revenue</b>	<b>318 918</b>	<b>332 051</b>	<b>354 691</b>	<b>377 216</b>
<b>Total Operating Expenditure</b>	<b>312 158</b>	<b>330 499</b>	<b>349 337</b>	<b>368 900</b>
<b>Surplus / Deficit for the year</b>	<b>6 760</b>	<b>1 553</b>	<b>5 354</b>	<b>8 316</b>
<b>Total Capital Expenditure</b>	<b>130 064</b>	<b>95 256</b>	<b>137 262</b>	<b>195 481</b>

Total operating revenue has grown by 4% for the 2017/18 financial year when compared to the 2016/2017 Adjustments Budget. For the two outer years, operational revenue will increase by 7% and 6% respectively.

Total operating expenditure for the 2017/18 financial year has been appropriated at R330 mil and translates into a budgeted surplus of R1 553m.

When compared to the 2016/2017 Adjustments Budget, operating expenditure has grown by 6% in the 2017/18 budget and by 6% and 6% respectively for each of the respective outer years of the MTREF.

## 1.4 OPERATING REVENUE FRAMEWORK

For Ga-Segonyana Local Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The following table is a summary of the 2017/18 MTREF (classified by main revenue source):

**NC452 Ga-Segonyana - Table A4 Budgeted Financial Performance (revenue and expenditure)**

Description	Re f	2017/18 Medium Term Revenue & Expenditure Framework		
		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1			
<b>Revenue By Source</b>				
Property rates	2	39,075	41,302	43,615
Service charges - electricity revenue	2	90,281	95,427	100,771
Service charges - water revenue	2	18,602	19,691	20,821
Service charges - sanitation revenue	2	12,322	13,053	13,812
Service charges - refuse revenue	2	9,050	9,594	10,160
Rental of facilities and equipment		2,205	2,331	2,461
Interest earned - external investments		1,100	1,163	1,228
Interest earned - outstanding debtors		6,200	6,553	6,920
Fines, penalties and forfeits		1,285	1,358	1,434
Licences and permits		4,261	4,504	4,756
Transfers and subsidies		134,546	145,842	156,588
Other revenue	2	13,125	13,873	14,650
Gains on disposal of PPE				
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>332,051</b>	<b>354,691</b>	<b>377,216</b>

The total revenue budget is projected at R332 051 million in 2017/18, representing an increase in revenue of R13 133 million on the 2016/17 Adjustment Budget of R318 918 million. The allocation for the outer two years of the MTREF period is R354 691 million and R377 216 million respectively. Revenue generated from rates and services charges forms a significant part of the revenue.

Revenue generated from rates and service charges forms a significant percentage of the revenue basket at 51% of the total revenue. Electricity is the main revenue source, contributing R90,281 million or 27.19% of the total revenue, and escalates to R100,771 million in 2019/2020. Property rates contributes the second largest revenue source, totalling 11.77% of the total revenue of R332 051 million. Water contributes 5.6% to the total revenue and operating grants makes up 40.52% of the total revenue.

#### 1.4.1 PROPERTY RATES

The current General Valuation Roll was implemented in July 2014 and is envisaged to be in force until June 2018 as per the directives of the Local Government Municipal Property Rates Act (2004).

The first R 25 000 of the ratable value of all residential properties are exempted from rates. Owners who qualify and who are registered as indigents in terms of the adopted indigent policy of the municipality, regardless of the value of the property, will receive a 100% rebate from payment of property tax.

The assessment rates revenue increase by 5.62% (R 36 880 million, adjusted budget) in the 2016/17 budget year to R 39 075 million. The resultant projected income from this source of revenue is R 41 302 million and R43 615 million respectively for the two outer years of the MTREF period. In terms of the MFMA Monthly Financial Reporting for the period ending 31 April 2017 the municipality had already billed 81% of the 2016/17 projected revenue for the financial period.

Increased tariffs per rating category will be as follows

CATEGORY	Current Tariff (1 July 2016)	Proposed Tariff (1 July 2017)
Household	0.005990	0.006373
Business	0.010136	0.010785
Guesthouses and multiuse (i.e surgery, tuckshop etc)	0.008018	0.008531
Agriculture	0.000301	0.000320
State Owned Property	0.018540	0.019727

#### 1.4.2 ELECTRICITY SERVICE CHARGES

In terms of the Multi Year Price for Eskom's tariffs approved by the National Energy Regulator of South Africa (NERSA), a tariff increase of 2.2% was approved for the 2017/18 financial year on the 23 February 2017, leading to a bulk purchase tariff increase of 0.31% for municipalities.



The Electricity revenue is projected at R90 281million in 2017/18, representing an increase in revenue of R3 112million (3%) in 2016/167 Adjustment Budget of R87 169 million. The percentage increase in the Electricity revenue is informed by new developments taken place in town.

The allocation for the outer two years of the MTREF period is R95 427 million and R100 771 million respectively.

#### **1.4.3 WATER SERVICE CHARGES**

The water revenue is projected to increase from R18 021 million in the 2016/17 Adjustment Budget to R 19 281 million. The projected revenue for the two outer years of the MTREF period is R19 691 million and R20 821 million respectively. The percentage increase in the water revenue is informed by new developments taken place in town as well as the efforts implemented to reduce the water losses. Indigents households will continue to receive free 6(kl) of water per month. The proposed water tariff percentage increase is 7.4% for 2017/18 financial year.

#### **1.4.4 SEWER SERVICE CHARGES**

The projected income from this source of revenue grows to R12 322 million in the 2017/18 budget year and by R 13 053 million and R143 812million respectively for the two outer years of the MTREF period

The sewerage tariffs are determined to be increased by 7.4% in the 2017/18 financial year.

#### **1.4.5 RENTAL OF FACILITIES**

The projected income from this source of revenue grows to R2 205 million in the 2017/18 budget year. The increase is as a result of the sports ground tariffs that is being increased to R15 000 from R10 000 for big events.

#### **1.4.6 LICENSE AND PERMITS**

License and Permits shows an increase of 33% when compared to 2016/17 adjustment budget. There was a separate line item for license and permits and agency services in 2016/17 adjustment budget and for 2017/18 we combined the two item hence there is an increase for license and permits.

#### **1.4.7 OTHER REVENUE**

Other revenue reflects a decrease of R5 507 million mainly as a result of a decrease in sale of stands. The revenue projections for the two outer years of the MTREF period is R 13 873 million and R14 650 million respectively.

Factors such as inflation, economic variations and trends coupled with sustainability usually affect other tariffs (such as rental of community and cultural

facilities, building plans, cemeteries, etc.). Tariff increases are inflation related, approximately in the order of 6 % on average. Some of the charges are above inflation.

#### 1.4.8 TRANSFERS RECOGNISED OPERATIONAL

Operating grants and transfers totals R134 546 million or 40.52% of total income budget in the 2017/18 financial year and moves to R145 842 million by 2018/19.

The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium-term:

**NC452 Ga-Segonyana - Supporting Table SA18 Transfers and grant receipts**

Description R thousand	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>RECEIPTS:</b>			
<b>Operating Transfers and Grants</b>			
<b>National Government:</b>	<b>132,725</b>	<b>144,021</b>	<b>155,022</b>
Local Government Equitable Share	129,580	141,621	152,362
Finance Management	2,145	2,400	2,660
EPWP Incentive	1,000		
<b>Provincial Government:</b>	<b>1 821</b>	<b>1 821</b>	<b>1 566</b>
Sport and Recreation	1 821	1 821	1 566
<b>Total Operating Transfers and Grants</b>	<b>134,546</b>	<b>145,842</b>	<b>156,588</b>

#### 1.5 OPERATING EXPENDITURE FRAMEWORK

The operating budget expenditure increases from the adjustment budget amount of R312 158 Million in 2016/17 to a new budget amount of R330 499 million representing an increase of R18 341 million in 2017/18. The allocation of the outer two years of the MTREF period is R349 337 million and R 368 900 million respectively.

The following table is a high level summary of the MTREF budget for 2017/18 to 2019/2020 (classified per main type of operating expenditure):

**NC452 Ga-Segonyana - Table A4 Budgeted Financial Performance (revenue and expenditure)**

Description R thousand	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Expenditure By Type</b>			
Employee related costs	111,675	118,041	124,651
Remuneration of councillors	8,458	8,940	9,440
Debt impairment	537	568	599
Depreciation & asset impairment	36,201	38,265	40,408
Finance charges	2,813	2,974	3,140
Bulk purchases	74,787	79,050	83,477
Other materials	7,238	7,651	8,079
Contracted services	37,440	39,574	41,790
Transfers and subsidies	–	–	–
Other expenditure	51,349	54,276	57,316
Loss on disposal of PPE			
<b>Total Expenditure</b>	<b>330,499</b>	<b>349,337</b>	<b>368,900</b>

When looking at the operating expenditure budget of the municipality from a project perspective, the following operational projects can be identified from the mSCOA chart:

- Municipal Running cost
- Maintenance projects (preventative and corrective as alluded to above)
- Typical work stream projects

The operational expenditure budget is therefore split across these projects. Projects referred to as "typical work stream projects" are operational projects for example agricultural projects, capacity building training and development spatial planning etc.

Typically, these "projects" may consist of various expense-items contributing to the outcome or objective of an initiative.

Any other expenditure not relating to a specific project (for example general expenses relating to the daily running and operation of the municipality) is classified as municipal running cost.

The largest portion of the operating expenditure budget is allocated to municipal running cost, the second largest portion to maintenance and the smallest portion to typical work streams.

In terms of the mSCOA chart, as well as GRAP 12, the operational inventory budget is classified into two main categories.

- Consumable inventory (these include items that are consumed in the normal course of business, e.g. stationary, fuel etc.)

- Materials and supplies (Items in the form of materials or supplies to be consumed or distributed in the rendering of services, or in the process of production for sale or distribution. These would include building materials, hardware, painting materials and workshop accessories).

It should be noted that the inventory items included in the expenditure budget are the items that are budgeted to be consumed/used during the specific period. Inventory on hand at yearend is disclosed in the statement of financial position. Some of the inventory line items are included in "other expenditure" (e.g. stationary, fuel and purification chemicals), whilst some inventory items (e.g. other materials) would be reflected as part of the repairs and maintenance budget.

### **1.5.1 EMPLOYEE RELATED COSTS**

The South African Local Government Bargaining Council entered into a three-year Salary and Wage Collective Agreement for the period 01 July 2015 to 30 June 2018. The preparation of the 2017/18 MTREF constitutes implementation of the last year of the agreement which municipalities must implement as follows:

2017/18 Financial Year – average CPI (Feb 2016 – Jan 2017) + 1 per cent

The previous years were: 2015/16 Financial Year – 7 per cent

2016/17 Financial Year – average CPI (Feb 2015 – Jan 2016) + 1 per cent

Personnel costs for the 2017/18 financial year amounts to R111 675 million and is equivalent to 33,79% of the total operating expenditure

Personnel costs grew by R5 297 million based on the 2016/17 Adjustment Budget of R106 378 million. The allocation for the two outer years of the MTREF period is R118 041 million and R124 651 million respectively.

A detailed analysis is supplied with the discussion regarding employee related costs as set out in MBRR Tables SA22 - 24 in this document.

### **1.5.2 REMUNERATION OF COUNCILORS**

The cost associated with the remuneration of councillors is determined by the Minister of Cooperative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998).

The projected expenditure is R8 458mil for 2017/18 and the huge increase when compared to 2016/17 adjustment budget is as a result of the under-budgeted amount for 2016/17 adjustment budget.

Further details regarding the remuneration of Councilors can be obtained on the Supporting Table SA22 and SA23

### **1.5.3 DEPRECIATION AND ASSETS IMPAIRMENT**

Provision for depreciation and asset impairment has been informed by the municipality's Asset Management Policy. Budget appropriations in this regard total R36 201 million for the 2017/18 financial and represent 10.95% of the total operating expenditure. The indicative allocated amount for the two outer years of the MTREF period is R38 265 million and R40 408 million respectively.

### **1.5.4 FINANCE CHARGES**

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital) and limited finance leases. Finance Charges budget is R2 813 million for the 2017/18 budget year. The allocation for the two outer years of the MTREF period is R2 974 million and R3 140 million respectively.

### **1.5.5 BULK PURCHASE (ELECTRICITY)**

Bulk purchases are directly informed by the purchase of electricity from Eskom. Bulk purchases grew by 0.31% against the 2016/17 budget, to the proposed amount of R74 787 million for the 2017/18 budget year. The allocation for the two outer years of the MTREF period is R79 050 million and R83 477 million respectively. Bulk purchases takes up approximately 22.63% of the operating budget for 2017/18.

As announced by NERSA and also contained in Circular 86, the bulk purchases from Eskom will increase with 0.31%.

### **1.5.6 CONTRACTED SERVICES**

Contracted Service budget is R37 440 million for the 2017/18 budget year. The allocation for the two outer years of the MTREF period is R39 574 million and R41 790 million respectively.

In terms of the National Treasury regulations and formats, repairs and maintenance are divided among other materials, contracted services and other expenditure, hence there is a huge increase in contracted service and decrease in other materials.

### 1.5.7 REPAIRS AND MAINTENANCE

The repair and maintenance budget is projected at R36 780 Million in 2017/18, representing a decrease of R7 013 million (16.01%) on the 2016/17 Adjustment Budget of R43 793 Million. The allocation for the outer two years of the MTREF period is R38 876 Million and R41 054 Million respectively

It should be noted that in terms of NT regulations and formats, repairs and maintenance is divided by other materials, contracted services and other expenditure.

<b>Repairs and Maintenance by Expenditure Item</b>			
Employee related costs			
Other materials	7,238	7,651	8,079
Contracted Services	29,542	31,226	32,975
Other Expenditure			
<b>Total Repairs and Maintenance Expenditure</b>	<b>36,780</b>	<b>38,876</b>	<b>41,054</b>

During the compilation of the 2017/18 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure. As part of the 2017/18 MTREF this strategic imperative remains a priority as can be seen by the budget appropriations over the MTREF. In relation to the total operating expenditure, repairs and maintenance comprises on average 11.13% of the budget over the respective financial years of the MTREF.

### 1.6 CAPITAL EXPENDITURE

The capital budget has decreased by R34 808 million for the 2017/18 financial year to R95 256 million as compared to the approved Adjustment Budget of R130 064 million for the 2016/17 period. The projected capital expenditure budget for the two outer years of the MTREF period has been set at R137 262 million and R195 481 million respectively.

The budget is funded mainly out of Government grants and subsidies and internally generated funds. The Municipal Infrastructure Grant (MIG) remains the biggest source of the government grants and subsidies.



The Capital Budget will be funded as follows:

**NC452 Ga-Segonyana - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding**

Vote Description R thousand	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Funded by:</b>			
National Government	94,211	137,262	195,481
Transfers recognised - capital	94,211	137,262	195,481
Internally generated funds	1,045		
<b>Total Capital Funding</b>	<b>95,256</b>	<b>137,262</b>	<b>195,481</b>

**TableSA36 provides a detailed breakdown of capital projects for 2017/18 MREF.**

## 1.7 Annual Budget Tables

These tables present the main budget tables as required in terms of section 18 of the Municipal Budget and Reporting Regulations. These tables set out the Municipality 2017/18 budget and MTREF.

- Table A1: Budget Summary
- Table A2: Budget Financial Performance (standard classification)
- Table A3: Budget Financial Performance (revenue and expenditure by municipal vote)
- Table A4: Budget Financial Performance (revenue and expenditure)
- Table A5: Capital Expenditure Budget by vote and funding
- Table A6: Budget Financial Position
- Table A7: Adjustments Budget Cash Flows
- Table A8: Cash backed reserves/accumulated surplus reconciliation
- Table A9: Asset Management
- Table A10: Basic service delivery measurement



## **PART 2 SUPPORTING DOCUMENTATION**

### **2.1 OVERVIEW OF ANNUAL BUDGET PROCESS**

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in Section 53 of the Act.

*(1) The mayor of a municipality must establish a budget steering committee (BSC) to provide technical assistance to the mayor in discharging the responsibilities set out in section 53 of the Act.*

*(2) The Steering committee must consist of at least the following persons:*

- a) the councillor responsible for financial matters;*
- b) the municipal manager;*
- c) the chief financial officer;*
- d) the senior managers responsible for at least the three largest votes in the municipality;*
- e) the manager responsible for budgeting;*
- f) the manager responsible for planning; and*
- g) any technical experts on infrastructure*

*The mayor of Gasegonyana LM established a budget steering committee on the 19th of May 2017 and the first meeting was on the 22 May 2017.*

#### **2.1.1 BUDGET PROCESS OVERVIEW**

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2016) a time schedule that sets out the process to revise the IDP and prepare the budget. The Mayor tabled in Council the required IDP and budget time schedule on 31 August 2016. Key dates applicable to the process are:

- 7-9 September 2016** - Ward Committee Meetings to review the prioritization of community needs in approved IDP and discuss the process for developing Neighborhood Plans:
- 9 September 2016** - Advertise the budget process and dates of IDP/Budget Public meetings on Municipal Website, Municipal Newsletter and Local Newspapers

- 28-29 September 2016** - Review of Municipal Strategic Plan Workshop with Standing Committees and HOD's: Review Municipal KPA's and Strategic Objectives
- 20 October 2016** - Convene IDP Representative Forum Meeting
- 24 Oct- 10 Nov 2016** - IDP Road shows in all Wards 1-14 : Discuss, scrutinize and prioritize community needs as outcome of IDP/ Budget public engagement sessions.
- 06 December 2016** - Consult sector departments to establish Projects/Programmes for IDP Review 2017- 2018
- 16 January 2017** - Request and/ or follow-up with Water Board/ NERSA/ other Bulk Service providers for feedback on proposed municipal 2016/17 – 2017/18 tariffs and engagement documentation submitted in Nov 2016
- 17 January 2017** - Submit Draft IDP, Budget and SDBIP to Manager Corporate Services with proposed schedule of Ward Community Meetings for post IDP & Budget Feedback & Consultation Process
- 31 January 2017** - Table Adjustment Budget to Council for approval
- 1- 28 February 2017** - Review all budget related policies
- 16 February 2017** - Review tariffs and charges and determine affordable tariffs and finalise income budget.
- Jan- March 2017** - Mid Year Budget & Performance Assessment Visit
- 13 March 2017** - Workshop 2: draft IDP, Budget and proposed tariffs and SDBIP with Council. Provide progress update to council against IDP/Budget process schedule and obtain approval for any adjustments to process.
- 28 March 2017** - Municipal Manager presents final draft IDP, Budget, SDBIP and Budget related policies to the Mayor for perusal and tabling to Council
- 31 March 2017** - Table (and briefing of council) draft IDP, Budget, SDBIP and Related policies and proposed schedule of Draft IDP Review and Budget Road shows. Public Meetings for IDP & Budget Feedback/Consultation Process to Council (Principal Approval)
- April - May 2017** - Budget and Benchmark assessment
- 10-14 April 2017** - Advertise & Inviting public comments on Draft Budget, Proposed Tariffs, and IDP Place copies of Draft Budget and IDP at all municipal buildings
- 17-24 April 2017** - Public Consultation Meetings/ Road shows Feedback / Consultation on preliminary approved Draft IDP Review and Budget

- 11-12 May 2017** - Present Final IDP/Budget and final draft SDBIP to Steering Committees for quality Check (Including recommendations made by all stakeholders and Council)
- 31 May 2017** - Table final IDP/ Budget & related documents to Council for approval.

No deviations that was done on the Budget process plan.

### **2.1.2 IDP and Service Delivery and Budget Implementation Plan**

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan.

The IDP has been taken into a business and financial planning process leading up to the 2017/18 MTREF, based on the approved 2016/2017 MTREF, mid-year review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections. With the compilation of the 2017/18 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2016/2017 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

### **2.1.3 Community Consultation on the Draft Budget**

The draft 2017/18 MTREF, was tabled in Council on 27 March 2017 and made available to the community as follows:

- At the Main offices
- All public libraries within the municipality
- At the website: [www.gasegonyana.gov.za](http://www.gasegonyana.gov.za)

The tabling of the draft budget was advertised in all local newspapers. All documents in the appropriate format (electronic and printed) was submitted to National Treasury and Provincial Treasury in accordance with section 23 of the MFMA, to provide an opportunity for comment.

A delegation of the municipality, consisting of the Mayor, Councilors, Municipal Manager, all Directors and officials from the Budget Office and Strategic Planning Office, held public meetings for all the wards in the municipal area to present the draft budget to the community.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and capital projects were considered for the finalization of the 2017/2018 Budget.

## **2.2 OVERVIEW OF ALIGNMENT OF BUDGET WITH IDP**

The IDP is Gasegonyana LM's principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into planning statements covering the five-year objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan.

In compiling the IDP, the Municipality considered the 5 key performance areas for local government as determined by the National Cabinet, which are:

- I. KPA1: Municipal Transformation and Institutional Development;
- II. KPA2: Basic Service Delivery and Infrastructure Investment;
- III. KPA3: Financial Viability and Financial Management;
- IV. KPA4: Local Economic Development;
- V. KPA5: Good Governance and Community Participation and;

The alignment of the budget with the IDP has been achieved through the setting of targets by departments which were guided by the following principles:

- It had to be aligned to the national outcome related to their mandate.
- Focus on basic service delivery in terms of the eradication of backlogs, provision of basic services as well as the maintenance of existing infrastructure and community needs.
- All targets set in the IDP were cross referenced to the budget as part of the result-based budget process. Each outcome with its supporting activities set for the coming year has been linked to specific votes in the budget to be utilised to achieve it. The Capital Budget is fully linked, but the operational budget still requires some work to reflect details in this regard.

A municipal IDP provides a five-year strategic programme of action aimed at setting short-, medium- and long-term strategic and budget priorities to create a development platform which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area.

**The figure as depicted in table below visually represents the link between the IDP and the Budget**

**NC452 Ga-Segonyana - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)**

Strategic Objective	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>			
KPA 5: Good Governance and Public Participation	6,673,000.00	7,053,361.00	7,448,349.00
KPA 4: Local Economic Development	6,612,000.00	7,346,384.00	7,589,782.00
KPA 3: Financial Viability and Management	50,326,083.00	53,194,670.00	56,173,571.00
KPA 2: Basic Services and Infrastructure Development	360,801,335.00	422,402,861.00	499,420,597.00
KPA 1: Institutional Transformation and Development	1,850,000.00	1,955,450.00	2,064,955.00
Allocations to other priorities			
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>426,262,418.00</b>	<b>491,952,726.04</b>	<b>572,697,254.60</b>

**NC452 Ga-Segonyana - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)**

Strategic Objective	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			
KPA 5: Good Governance and Public Participation	6,673,000.00	7,053,361.00	7,448,348.70
KPA 4: Local Economic Development	6,612,000.00	4,346,384.00	4,589,782.00
KPA 3: Financial Viability and Management	50,326,083.00	53,194,670.00	56,173,571.00
KPA 2: Basic Services and Infrastructure Development	265,037,489.00	282,787,125.47	298,623,204.55
KPA 1: Institutional Transformation and Development	1,850,000.00	1,955,450.00	2,064,955.20
Allocations to other priorities			
<b>Total Expenditure</b>	<b>330,499</b>	<b>349,337</b>	<b>368,900</b>

1  
2

**NC452 Ga-Segonyana - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)**

Strategic Objective	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			
KPA 5: Good Governance and Public Participation			
KPA 4: Local Economic Development	2,500,000.00	3,000,000.00	3,000,000.00
KPA 3: Financial Viability and Management	300,000.00	-	-
KPA 2: Basic Services and Infrastructure Development	92,321,000.00	134,262,000.00	192,481,000.00
KPA 1: Institutional Transformation and Development	135,152.00	-	-
Allocations to other priorities			
<b>Total Capital Expenditure</b>	<b>95,256,152.00</b>	<b>137,262,000.00</b>	<b>195,481,000.00</b>



## 2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance, the municipality has developed performance management system for Section 56 & 57 Managers.

NC452 Ga-Segonyana - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2017/18 Medium Term Revenue & Expenditure Framework		
		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>KPA 1: INSTITUTIONAL TRANSFORMATION AND DEVELOPMENT</b>				
Function : Human Resource	Number	1	1	1
Approved 2015/2016 HR Strategy	Number	1	1	1
Approved Organogram by June				
Function - INFORMATION TECHNOLOGY	Number	2	2	2
2 ICT policies reviewed by June				
<b>KPA 2: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT</b>				
Function : DISASTER MANAGEMENT				
Disaster inspections conducted by June 2017	Number	40	40	40
Prevention disaster awareness campaigns held by June	Number	4	4	4
Function : FIRE				
Prevention fire awareness campaigns held by June	Number	8	8	8
fire inspections conducted by June	Number	8	8	8
Function - LIBRARY				
Library campaigns conducted by end of June	Number	32	32	32
Function - SPORTS GROUND				
reports on activities on maintenance of sports grounds by end of June	Number	4	4	4
Function - WASTE MANAGEMENT				
Households in wards 1, 3 and 13 with access to minimum standard of refuse removal by end of June	Number	14000	14000	14000
waste awareness campaigns held by June	Number	4	4	4
clean-up campaigns conducted by June	Number	4	4	4
Function - ROADS				
Tarred road resealed by end of June	KM	3	3	3
Access road surfaced/paved by June	KM	6.45	6.45	6.45



<b>Function - WATER MANAGEMENT</b>				
<i>Laboratory reports on effluent at waste water treatment plants conducted by June</i>	Number	12	12	12
<i>Reports of number of households provided with full water borne by June</i>	Number	4	4	4
<i>New households provided with access to basic level of sanitation by end of June</i>	Number	400	400	400
<b>KPA 3: FINANCIAL VIABILITY AND MANAGEMENT</b>				
<b>Function - ASSET MANAGEMENT</b>				
<i>Reports on asset verifications by June</i>	Number	2	2	2
<i>Asset reconciliations reports submitted to the Municipal Manager by end of June</i>	Number	12	12	12
<b>Function - BUDGET AND TREASURY OFFICE</b>				
<i>Section (71) reports submitted to the Mayor and Provincial Treasury by end June</i>	Number	12	12	12
<i>Annual financial Statements submitted to the Auditor General by end of August</i>	Number	1	1	1
<i>Performance and budget reports (s52d) submitted to council by June</i>	Number	4	4	4
<i>Annual Budget submitted to Council for approval by end of May</i>	Number	1	1	1
<b>KPA 4: LOCAL ECONOMIC DEVELOPMENT</b>				
<b>Function - CORPORATE WIDE STRATEGIC PLANNING</b>				
<i>Jobs created through municipal capital projects by June</i>	Number	497	497	497
<i>SMME training held by June</i>	Number	4	4	4
<i>Reports on number of visitors and revenue generated from 1<sup>st</sup> eye</i>	Number	4	4	4
<b>KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION</b>				
<b>Function - MAYOR AND COUNCIL</b>				
<i>Council meetings held</i>	Number	4	4	4
<b>Function - LEGAL SERVICES</b>				
<i>By-Laws Submitted to council for approval by June</i>	Number	6	6	6

### 2.3.1. Performance indicators and benchmarks

#### i. Borrowing management

Capital expenditure in local government can be funded by capital grants, own revenue and long term borrowings. The municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position.

Increasing debt and declining collection rate could have a negative impact on the future borrowing of the municipality, in particular the municipality's ability to meet its borrowing obligations. Stringent measure must be put in place to curve the increasing debt.

## ii. Liquidity

**Current Ratio** is a measure of the municipality's ability to pay short-term obligations with its short-term assets. The higher the ratio, the better the municipality's ability to adhere to its short-term obligations. National Treasury has set a current ratio minimum of 1.5 in circular 71. For the 2017/18 MTREF the ratio is expected to be 3.1

**The liquidity ratio** is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Gasegonyana Municipality's liquidity ratio is at an average of 0.07

This includes consumer deposits and provisions which are not likely to be realised in the short term. Consideration should be given to exclude a vast portion of consumer deposits.

## Revenue management

As part of the financial sustainability strategy, an aggressive revenue management and enhancement project has been embarked upon to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days.

The collection rate of the municipality is standing at 85% as at 31 April 2017, there is an increase in collection rate as compared to 2015/16 financial year. The cash flow is assumed at 80% of the billing including arrears.

## iii. Creditors management

The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice.

## iv. Other Indicators

### • Employee costs

The employee related costs represents 34% of the total expenditure budget.

### • Repairs & Maintenance

Repairs and Maintenance equate 11% of the total operating budget which is acceptable. The municipality strives to maintain its infrastructure assets to prolong useful life.

Currently the municipality has lots of old fleet which most of the time must be sent in for repairs and as a result this hampers service delivery. The cost to repair these vehicles is an exorbitant

amount and it is not cost-effective to keep them and also it is very difficult to acquire their parts. With the current situation the municipality is unable to render service at all its 14 wards as a result this causes community unrest. The municipality has made provision to buy fleet.

#### **2.3.2. Free Basic Services: basic social services package for indigent households**

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. Only registered indigents qualify for the free basic services. For the 2017/18 financial year 3421 registered indigents have been provided for in the budget.

For indigent households, the threshold to qualify for equitable share is an income of less than R4,120 and two state pensioners in a household do qualify.

In terms of the municipality's indigent policy, registered households are entitled to 6kl free water and 50 kWh of electricity, are fully subsidised for basic charges for services and 50% sanitation. Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 26 MBRR A10 (Basic Service Delivery Measurement).

### **2.4 Overview of Budget related policies**

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

- **Tariff Policy (Appendix B)**

The Municipal Systems Act requires a Municipality to have a Tariff Policy on the levying of fees for Municipal services provided by the municipality itself or by way of service delivery agreement, and which complies with the provisions of that Act, the Municipal Finance Management Act and other applicable legislation. Accordingly, Council adopted a Tariff Policy on 2016-05-31 which remains unchanged.

- **Credit control and Debt collection Policy (Appendix C)**

The primary objective of this policy is to ensure that all monies due and payable to the municipality in respect of services are collected efficiently and promptly. As required in terms of section 97 of the Municipal Systems Act, the credit control and debt collection policy for the 2017/18 financial year is currently under review and the policy is to be adopted with the current budget

- **Property Rates policy (Appendix D)**

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1.

- **Budget and Virement Policy (Appendix E)**

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the town's system of delegations.

- **Bulk Contribution Policy(Appendix F)**

This policy provides a framework for the determination of bulk service contributions on an equitable basis thereby allowing tariffs to be set at a more affordable level and shortening the period of recovery of the capital cost of bulk infrastructure, thus reducing long-term debt, improving the municipality's balance sheet and its credit rating and further enabling the municipality to develop a capital reserve for new and replacement bulk infrastructure.

- **Asset Management Policy (Appendix G)**

The objective of this policy is to ensure that assets of the Municipality are properly managed and accounted for.

- **Supply Chain Policy (Appendix H)**

This policy provides a framework for procuring goods or services, disposing goods no longer needed, selecting contractors to provide assistance in the provision of municipal services otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies or selects external mechanisms referred to in section 80 (1) (b) of the Municipal Systems Act for the provision of municipal services in circumstances contemplated in section 83 of that Act.

- **Travel and Subsistence Policy (Appendix I)**

The objective of this policy is to:

Ensure that all travel and subsistence costs incurred by the Municipality are done as efficiently and effectively as possible.

Ensure that councilors and officials are reimbursed fairly and consistently for the cost incurred while traveling to perform municipal duties.

- **Funding and Reserve Policy (Appendix J)**

The municipality's objective is to maintain, through proper maintenance and replacement measures, existing levels of service and to improve and implement services which are neglected or non-existent.

The municipality, however, recognizes the importance of providing to the municipality itself, as well as its creditors, financiers, staff, and general public a measure of protection for future losses, as well as providing the necessary cash resources for future capital replacements and other current and non-current liabilities.

This policy aims to provide for such measure of protection by creating certain reserves.

- **Borrowing Policy (Appendix K)**

This policy addresses all relevant principles and processes to be followed when obtaining short- and long-term Borrowing, to ensure sufficient management of Borrowing. The objectives of this policy are to ensure optimal performance with the lowest possible risk through managing the Borrowing, and to ensure accountability, responsibility and transparency throughout the process.



- **Cash Management and Investment Policy (Appendix L)**

The objectives of the policy are to ensure optimal performance with the least possible risk, in managing and investing the cash resources of the municipality and to ensure transparency, accountability and appropriate lines of responsibility in the process.

## **2.5 Budget Assumptions**

In terms of the Local Government Systems Act, section 26 prescribes the core components of the Integrated Development Plan, and section 26 (h) requires the inclusion of a financial management plan which should include a budget projection for at least the next three years. The financial plan is expected to determine the financial affordability and sustainability levels of the municipality over the medium term.

To fund its operational costs as well as make sustainable contribution to municipal infrastructure investment, the municipality relies on grants and subsidies made available by National Treasury for the execution of its capital plan. The funding strategy is reviewed annually to determine the most affordable level at which the municipality can operate optimally taking the fiscal overview, economic climate, National and Provincial influences, IDP and other legislative imperatives, internal governance and community consultation into account in its deliberations

Local government faces tough fiscal choices; growth in transfers will slow while the cost of providing the services increases. Municipalities are therefore urged to improve own revenue collection, increase efficiency and obtain greater value for money.

Integration of service delivery between national, provincial and local government is critical to ensure focused service delivery, therefore various measures have been implemented to align IDPs as well as provincial and national strategies around priority spatial interventions

Inflation increases the cost of living of households and thereby increases the vulnerability of low and middle income groups and negatively affects their ability to pay for municipal services. CPI is projected at 6.4 per cent for 2017/18, 5.7 per cent for 2018/19 and 5.6 per cent for 2019/20.

The new general valuation roll must be implemented according to the MPRA 2004. However, the first R25 000 on Residential property per household will be exempted and the indigent qualifies for exemption subject to application.

Price movements of bulk purchase – electricity tariff is increased by 0.31% as approved by NERSA.



The overall collection rate is 80% and currently the municipality collects only in Kuruman town, Wrenchville and Mothibistad

## 2.6 OVERVIEW OF BUDGET FUNDING

This gives an indication of the Municipality's overall budget as well as sources of funding.

### OPERATING REVENUE

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal, property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, sale of stands, licenses and permits etc).

The following is a breakdown of the operating revenue over the medium-term

**NC452 Ga-Segonyana - Table A4 Budgeted Financial Performance (revenue and expenditure)**

Description R thousand	Ref	2017/18 Medium Term Revenue & Expenditure Framework		
		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Revenue By Source</b>				
Property rates	2	39,075	41,302	43,615
Service charges - electricity revenue	2	90,281	95,427	100,771
Service charges - water revenue	2	18,602	19,691	20,821
Service charges - sanitation revenue	2	12,322	13,053	13,812
Service charges - refuse revenue	2	9,050	9,594	10,160
Rental of facilities and equipment		2,205	2,331	2,461
Interest earned - external investments		1,100	1,163	1,228
Interest earned - outstanding debtors		6,200	6,553	6,920
Fines, penalties and forfeits		1,285	1,358	1,434
Licences and permits		4,261	4,504	4,756
Transfers and subsidies		134,546	145,842	156,588
Other revenue	2	13,125	13,873	14,650
Gains on disposal of PPE				
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>332,051</b>	<b>354,691</b>	<b>377,216</b>

Revenue to be generated from property rates is R39 million in the 2017/2018 financial year, which represents 12% of the operating revenue base of the municipality. Service charges related to electricity, water, sanitation, refuse removal and other in total constitute the biggest component of the Municipality's revenue basket, totalling R131 million for the 2017/2018 financial year. For the 2017/2018 financial year, service charges amount to 40% of the total revenue base.

Operational grants and subsidies amount to R134 million, or to 41% of operating revenue. The actual performance against the budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustment budget.

### **CAPITAL REVENUE**

The following table is a breakdown of the funding composition of the 2017/18 medium-term capital programme:

<b>Vote Description</b>  <b>R thousand</b>	<b>2017/18 Medium Term Revenue &amp; Expenditure Framework</b>			
	<b>Adjusted Budget</b>	<b>Budget Year 2017/18</b>	<b>Budget Year +1 2017/18</b>	<b>Budget Year +2 2017/18</b>
<b>Funded by:</b>				
National Government	107 321	94 211	137 262	195 481
Provincial Government				
District Municipality				
Other transfers and grants				
<b>Transfers recognised - capital</b>	<b>107 321</b>	<b>94 211</b>	<b>137 262</b>	<b>195 481</b>
<b>Public contributions &amp; donations</b>	15 000			
<b>Borrowing</b>	1 600			
<b>Internally generated funds</b>	6 143	1 045		
<b>Total Capital Funding</b>	<b>130 064</b>	<b>95 256</b>	<b>137 262</b>	<b>195 481</b>

## 2.7 OVERVIEW OF THE FUNDING COMPLIANCE

National Treasury requires the municipality to assess its financial sustainability against different measures that look at various aspects of financial health of the municipality.

Support Table SA10 below sets to evaluate the budget as its compliance to Sections 18 and 19 of the MFMA. The following measures are discussed below.

**NC452 Ga-Segonyana Supporting Table  
SA10 Funding measurement**

Description	MFM A section	R ef	2013/1 4	2014/1 5	2015/1 6	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
			Audite d Outco me	Audite d Outco me	Audite d Outco me	Origin al Budge t	Adjust ed Budge t	Full Year Forec ast	Pre- audit outco me	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Funding measures</b>	-	-										
Cash/cash equivalents at the year end - R'000	18(1)b	1	-	-	-	-	-	-	-	176	3,759	10,457
Cash + investments at the yr end less applications - R'000	18(1)b	2	-	-	-	-	-	-	-	35,303	36,442	40,411
Cash year end/monthly employee/supplier payments	18(1)b	3	-	-	-	-	-	-	-	0.0	0.2	0.4
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	-	-	-	-	-	-	-	95,764	142,616	203,797
Service charge rev % change - macro CPIX target exclusive	18(1)a (2)	5	N.A.	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(0.2%)	(0.4%)
Cash receipts % of Ratepayer & Other revenue	18(1)a (2)	6	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	79.6%	79.6%	79.6%
Debt impairment expense as a % of total billable revenue	18(1)a (2)	7	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%	0.3%	0.3%
Capital payments % of capital expenditure	18(1)c ;19	8	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								100.0%	100.0%	100.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.7%	5.6%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.7%	5.6%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.2%	3.2%	3.2%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

### **2.7.1 Cash/Cash equivalent position**

If the municipality's forecast cash position is negative, for any year of the Medium-term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with Section 45 of the MFMA, which deals with the repayment of short-term debt at the end of the financial year. The Municipality forecast a positive cash position as per the budgeted cash flow statement for 2017/18 MTREF. The forecasted cash and cash equivalent for the 2017/18 MTREF is R0 176 million.

### **2.7.2 Cash plus investment less application of funds**

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement.

### **2.7.3 Cash year end/monthly employee/supplier payments**

The purpose of this measure is to understand the level of financial risk the municipality would face with due to declining collection rate. The ratio for the 2017/18 is 0.01% which is not satisfactory and it implies that the municipality not receive on month services it will not be able to pay salaries and creditors.

### **2.7.4 Surplus/(Deficit) excluding depreciation offsets**

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making sufficient contribution for the municipal resources consumed each year. For the 2017/18 MTREF the municipality shows a surplus of R1 553mil including the depreciation and assets funded from operational budget.

### **2.7.5 Cash receipts a percentage of Ratepayer and Other revenue**

The purpose of this measure is to calculate the rate of funds collected from current billing and arrear debtors. The collection of the municipality for the 2017/18 is 80%. The municipality has developed an enhancement strategy to improve revenue collection.

### **2.7.6 Debt impairment expense as a percentage of total billable revenue**

The factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment. The municipality has made a provision of R0 537mil which represent 0.17%.

#### **2.7.7 Capital payments a percentage of capital expenditure**

This ratio calculates whether the municipality is spending on its capital budget according to its budgeted cash flow.

#### **2.7.8 Borrowing receipts a percentage of capital expenditure (excl. transfers)**

The purpose of this measurement is to determine the proportion of a municipality's "own funded" capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance.

#### **2.7.9 Grants as a percentage of Govt. legislated/gazetted allocations**

The purpose of this measurement is mainly to ensure that all available transfers from National and provincial government have been budgeted for. The ratio is 100% which means that the municipality has budgeted for all transfers.

#### **2.7.10 Repairs and Maintenance as a percentage of Property Plant & Equipment**

This indicator provides information on the amount of funds allocated to the Repair and Maintenance of municipal assets. Currently the ratio of repairs and maintenance is 3.2% .

## 2.8 EXPENDITURE ON GRANT ALLOCATIONS AND GRANT PROGRAMMES

The following grants allocated to the municipality in terms of the 2017 Division of Revenue Act have been included in the medium term budget:

NC452 Ga-Segonyana - Supporting Table SA18 Transfers and grant receipts

Description R thousand	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>RECEIPTS:</b>			
<b><u>Operating Transfers and Grants</u></b>			
<b>National Government:</b>	<b>132,725</b>	<b>144,021</b>	<b>155,022</b>
Local Government Equitable Share	129,580	141,621	152,362
Finance Management	2,145	2,400	2,660
EPWP Incentive	1,000		
<b>Provincial Government:</b>	<b>1 821</b>	<b>1 821</b>	<b>1 566</b>
Sport and Recreation	1 821	1 821	1 566
<b>Total Operating Transfers and Grants</b>	<b>134,546</b>	<b>145,842</b>	<b>156,588</b>
<b><u>Capital Transfers and Grants</u></b>			
<b>National Government:</b>	<b>94,211</b>	<b>137,262</b>	<b>195,481</b>
Municipal Infrastructure Grant (MIG)	54,211	57,262	60,481
Water Services Infrastructure Grant	35,000	80,000	95,000
Integrated National Electrification Programme	5,000		40,000
<b>Total Capital Transfers and Grants</b>	<b>94,211</b>	<b>137,262</b>	<b>195,481</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	<b>228,757</b>	<b>283,104</b>	<b>352,429</b>



**NC452 Ga-Segonyana - Supporting Table SA19 Expenditure on transfers and grant programme**

Description R thousand	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>EXPENDITURE:</b>			
<u>Operating expenditure of Transfers and Grants</u>			
<b>National Government:</b>	<b>132,725</b>	<b>144,021</b>	<b>155,022</b>
Local Government Equitable Share	129,580	141,621	152,362
Finance Management	2,145	2,400	2,660
EPWP Incentive	1,000		
<b>Provincial Government:</b>	<b>1 821</b>	<b>1 821</b>	<b>1 566</b>
Sport and Recreation	1 821	1 821	1 566
<b>Total operating expenditure of Transfers and Grants:</b>	<b>134,546</b>	<b>145,842</b>	<b>156,588</b>
<u>Capital expenditure of Transfers and Grants</u>			
<b>National Government:</b>	<b>94,211</b>	<b>137,262</b>	<b>195,481</b>
Municipal Infrastructure Grant (MIG)	54,211	57,262	60,481
Water Services Infrastructure Grant	35,000	80,000	95,000
Integrated National Electrification Programme	5,000		40,000
<b>Total capital expenditure of Transfers and Grants</b>	<b>94,211</b>	<b>137,262</b>	<b>195,481</b>
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>	<b>228,757</b>	<b>283,104</b>	<b>352,429</b>

**NC452 Ga-Segonyana - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds**

Description R thousand	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Operating transfers and grants:</b>			
<b>National Government:</b>			
Balance unspent at beginning of the year			
Current year receipts	132,725	144,021	155,022
Conditions met - transferred to revenue	-	-	-
Conditions still to be met - transferred to liabilities	132,725	144,021	155,022
<b>Provincial Government:</b>			
Balance unspent at beginning of the year			
Current year receipts	1 821	1 821	1 566
Conditions met - transferred to revenue	-	-	-
Conditions still to be met - transferred to liabilities	1 821	1 821	1 566
Conditions still to be met - transferred to liabilities			
<b>Total operating transfers and grants revenue</b>	-	-	-
<b>Total operating transfers and grants - CTBM</b>	<b>134,546</b>	<b>145,842</b>	<b>156,588</b>
<b>Capital transfers and grants:</b>			
<b>National Government:</b>			
Balance unspent at beginning of the year			
Current year receipts	94,211	137,262	195,481
Conditions met - transferred to revenue	-	-	-
Conditions still to be met - transferred to liabilities	94,211	137,262	195,481
Conditions still to be met - transferred to liabilities			
<b>Total capital transfers and grants revenue</b>	-	-	-
<b>Total capital transfers and grants - CTBM</b>	<b>94,211</b>	<b>137,262</b>	<b>195,481</b>
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>	-	-	-
<b>TOTAL TRANSFERS AND GRANTS - CTBM</b>	<b>228,757</b>	<b>283,104</b>	<b>352,429</b>

## 2.9 COUNCILLORS AND BOARD MEMBERS ALLOWNACES AND EMPLOYEE 'S BENEFITS

NC452 Ga-Segonyana - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>			
<b>Councillors (Political Office Bearers plus Other)</b>			
Basic Salaries and Wages	6,753	7,152	7,567
Pension and UIF Contributions	437	463	490
Motor Vehicle Allowance	607	642	680
Cellphone Allowance	563	597	631
Other benefits and allowances	97	103	109
<b>Sub Total - Councillors</b>	<b>8,458</b>	<b>8,957</b>	<b>9,476</b>
% increase	-	5.9%	5.8%
<b>Senior Managers of the Municipality</b>			
Basic Salaries and Wages	5,254	5,564	5,887
Pension and UIF Contributions	179	190	201
Motor Vehicle Allowance	748	792	838
Cellphone Allowance	97	103	109
Other benefits and allowances	1	1	1
<b>Sub Total - Senior Managers of Municipality</b>	<b>6,278</b>	<b>6,649</b>	<b>7,034</b>
% increase	-	5.9%	5.8%
<b>Other Municipal Staff</b>			
Basic Salaries and Wages	76,407	80,915	85,608
Pension and UIF Contributions	11,332	12,000	12,696
Medical Aid Contributions	4,820	5,104	5,400
Overtime	3,279	3,473	3,674
Motor Vehicle Allowance	2,277	2,412	2,551
Cellphone Allowance	364	385	408
Housing Allowances	3,061	3,241	3,429
Other benefits and allowances	3,667	3,883	4,108
Long service awards	191	202	213
<b>Sub Total - Other Municipal Staff</b>	<b>105,397</b>	<b>111,615</b>	<b>118,089</b>
% increase	-	5.9%	5.8%
<b>Total Parent Municipality</b>	<b>120,133</b>	<b>127,221</b>	<b>134,599</b>
	-	5.9%	5.8%
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>	<b>120,133</b>	<b>127,221</b>	<b>134,599</b>
% increase	-	5.9%	5.8%
<b>TOTAL MANAGERS AND STAFF</b>	<b>111,675</b>	<b>118,264</b>	<b>125,123</b>

Staff costs for the 2017/18 financial year amounts to R111 675 million and is equivalent to 34% of the total operating expenditure.

The packages for senior managers is budgeted at R6 278 million which constitutes 5.62% of the total employee costs

## **2.10 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW**

Indicated in the tables below is the monthly revenue, expenditure and cash flow targets which are based on the previous years' actual and other factors that influence these projections

NC452 Ga-Segonyana - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	R of	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Revenue by Vote</b>																
<b>Vote 1 - EXECUTIVE &amp; COUNCIL</b>		3,147					2,109			1,044			-	6,300	6,659	7,032
<b>Vote 2 - FINANCE AND ADMINISTRATION</b>		18,804	5,225	3,365	2,585	2,811	4,039	3,850	1,275	2,750	3,811	2,039	1,997	52,549	55,544	58,655
<b>Vote 3 - COMMUNITY AND SOCIAL SERVICES</b>		546	116	193	68	157	164	20	1,003	16	1,093	1,068	890	5,321	20,143	13,590
<b>Vote 4 - SPORTS &amp; RECREATION</b>		172	148	73	33	64	165	127	14	172	165	172	227	1,532	1,619	8,710
<b>Vote 5 - PUBLIC SAFETY</b>		20					20			20			10	70	74	78
<b>Vote 6 - PLANNING AND DEVELOPMENT</b>		1,597	1,302	1,589	1,543	1,388	427	360	1,924	1,497	2,055	1,524	1,243	16,448	17,743	18,569
<b>Vote 7 - ROAD TRANSPORT</b>		2,292	4,470	3,253	4,016	2,470	3,484	5,060	3,253	4,016	4,470	3,060	8,955	48,796	37,369	41,412
<b>Vote 8 - ENVIRONMENTAL PROTECTION</b>													60	60	63	67
<b>Vote 9 - ENERGY SOURCES</b>		19,607	6,756	7,811	7,879	2,756	20,236	7,441	8,883	17,323	9,236	5,986	26,706	140,619	146,884	195,465
<b>Vote 10 - WATER MANAGEMENT</b>		8,028	3,127	8,380	10,751	3,017	19,367	11,555	2,164	11,033	3,127	3,380	5,910	89,840	94,082	148,798
<b>Vote 11 - WASTE WATER MANAGEMENT</b>		4,841	5,194	2,466	3,328	1,020	4,563	2,055	1,018	1,759	2,185	563	1,627	30,617	75,707	42,259
<b>Vote 12 - WASTE MANAGEMENT</b>		7,483	641	643	657	662	7,261	663	654	10,488	641	643	3,616	34,080	35,991	38,006
<b>Vote 13 - OTHER</b>		5	5	5	5	5	5	5	5	5	5	5	5	60	63	67
<b>Total Revenue by Vote</b>		66,541	26,982	27,776	30,864	14,349	61,839	31,136	20,192	50,122	26,786	18,440	51,235	426,262	491,953	572,697
<b>Expenditure by Vote to be appropriated</b>																
<b>Vote 1 - EXECUTIVE &amp; COUNCIL</b>		1,081	1,120	1,113	1,070	1,224	1,206	1,010	1,316	1,120	1,013	1,210	1,237	13,720	14,502	15,314
<b>Vote 2 - FINANCE AND ADMINISTRATION</b>		10,958	8,668	8,484	8,139	8,102	8,304	8,427	10,857	10,668	10,329	8,879	25,164	126,977	134,215	141,731
<b>Vote 3 - COMMUNITY AND SOCIAL SERVICES</b>		182	1,313	323	421	1,423	232	1,221	221	313	1,323	1,421	1,415	9,807	10,366	10,946

Vote 4 - SPORTS & RECREATION	638	650	710	658	628	1,018	718	696	650	710	658	1,001	8,726	9,224	9,740	
	212	40	162	316	25	127	237	380	40	162	316	235	2,251	2,379	2,512	
Vote 5 - PUBLIC SAFETY																
Vote 6 - PLANNING AND DEVELOPMENT	1,631	1,616	1,726	1,287	1,058	1,766	755	1,222	1,616	726	1,287	1,237	15,929	16,837	17,780	
Vote 7 - ROAD TRANSPORT	1,547	1,519	1,619	1,579	1,678	1,838	745	1,785	1,519	1,619	1,579	2,993	20,020	21,162	22,347	
Vote 8 - ENVIRONMENTAL PROTECTION																
Vote 9 - ENERGY SOURCES	8,862	5,508	7,755	5,712	3,576	4,966	3,713	2,545	4,155	10,200	6,220	20,671	83,882	88,663	93,628	
Vote 10 - WATER MANAGEMENT	1,219	1,267	1,290	1,630	177	4,590	1,603	1,638	1,267	1,290	1,630	11,018	28,619	30,250	31,944	
Vote 11 - WASTE WATER MANAGEMENT	301	306	299	287	400	472	296	362	2,306	299	287	667	6,282	6,640	7,012	
Vote 12 - WASTE MANAGEMENT	1,066	1,093	1,192	1,086	1,152	1,368	862	1,096	1,093	1,192	1,086	1,519	13,806	14,593	15,410	
Vote 13 - OTHER												55	55	58	61	
Total Expenditure by Vote	27,698	23,099	24,672	22,186	19,442	25,889	19,586	22,109	24,746	28,863	24,574	67,636	330,499	349,337	368,900	
Surplus/(Deficit) before assoc.	38,843	3,884	3,103	8,679	(5,093)	35,951	11,550	(1,917)	25,377	(2,077)	(6,134)	(16,401)	95,764	142,616	203,797	
Surplus/(Deficit)	1	38,843	3,884	3,103	8,679	(5,093)	35,951	11,550	(1,917)	25,377	(2,077)	(6,134)	(16,401)	95,764	142,616	203,797



NC452 Ga-Segonyana - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Cash Receipts By Source</b>													1		
Property rates	1 495	2 770	7 944	2 490	2 312	1 354	2 007	5 177	1 354	2 770	1 244	442	31 280	33 042	34 892
Service charges - electricity	8 169	6 134	6 189	5 426	4 583	4 163	5 372	4 359	4 163	6 134	8 189	9 344	72 225	76 342	80 617
Service charges - water	114	834	1 345	1 107	1 555	898	2 128	1 525	898	834	1 345	2 301	14 882	15 753	16 657
Service charges - sanitation	518	614	1 070	707	958	534	1 050	857	534	614	1 070	1 331	9 858	10 442	11 049
Service charges - refuse	334	366	484	435	582	299	650	530	299	366	484	2 412	7 240	7 675	8 128
Rental of facilities and equipment	59	77	99	88	179	109	57	69	109	77	99	1 183	2 205	2 331	2 461
Interest earned - external investments	1	26	0	66	2	1	1	2	1	26	0	974	1 100	1 163	1 228
Interest earned - outstanding debts	427	441	504	514	505	498	520	505	498	441	504	843	6 200	6 553	6 920
Fines, penalties and forfeits	84	259	141	79	76	2	7	17	2	259	141	217	1 285	1 358	1 434
Licences and permits	184	124	236	159	275	87	209	303	87	124	236	2 238	4 281	4 504	4 756
Transfer receipts - operational	57 265	2 145			450	45 353		300	29 333			(300)	134 546	145 842	156 588
Other revenue	1 766	1 977	1 673	648	131	86	750	1 663	86	977	1 673	1 692	13 125	13 673	14 650
<b>Cash Receipts by Source</b>	<b>70 418</b>	<b>15 768</b>	<b>19 585</b>	<b>11 719</b>	<b>11 607</b>	<b>53 383</b>	<b>12 750</b>	<b>15 307</b>	<b>37 363</b>	<b>12 623</b>	<b>14 985</b>	<b>22 676</b>	<b>298 185</b>	<b>318 877</b>	<b>339 381</b>
<b>Other Cash Flows by Source</b>															
Transfer receipts - capital	30 358	8 750	2 500		17 500	16 283	2 500	8 750	7 590			-	94 211	137 262	196 481
<b>Total Cash Receipts by Source</b>	<b>100 776</b>	<b>24 518</b>	<b>22 085</b>	<b>11 719</b>	<b>29 107</b>	<b>69 666</b>	<b>15 250</b>	<b>24 057</b>	<b>44 953</b>	<b>12 623</b>	<b>14 985</b>	<b>22 676</b>	<b>392 396</b>	<b>456 139</b>	<b>534 862</b>
<b>Cash Payments by Type</b>															
Employee related costs	9 902	8 191	9 429	8 734	8 492	11 850	8 731	9 960	8 191	10 429	9 734	8 032	111 675	118 041	124 651

Remuneration of councillors	596	312	250	266	255	326	255	255	312	250	266	5,116	8,458	8,940	9,440
Finance charges	234	234	234	234	234	234	234	234	234	234	234	239	2,813	2,974	3,140
Bulk purchases - Electricity	8,688	7,488	6,430	3,468	4,468	3,736	4,369	4,369	6,488	7,488	8,688	9,064	74,787	79,050	83,477
Other materials	763	156	623	662	763	156	674	520	813	662	441	1,004	7,238	7,651	8,079
Contracted services	4,928	2,928	2,928	3,928	2,928	3,928	2,928	3,928	2,928	4,928	2,928	(1,766)	37,440	39,574	41,790
Other expenditure	2,587	3,789	4,779	4,872	2,282	5,659	2,394	2,842	5,779	4,872	2,282	9,210	51,349	54,276	57,316
Cash Payments by Type	27,698	23,099	24,672	22,186	19,442	25,889	19,586	22,109	24,746	28,863	24,574	30,898	293,760	310,504	327,893
Other Cash Flows/Payments by Type															
Capital assets	77	11,049	8,691	19,645	742	23,508	12,821	1,555	6,691	6,853	1,555	2,070	95,256	137,262	195,461
Repayment of borrowing	-	-	76	25	25	25	2,136	52	52	25	52	2,321	4,790	4,790	4,790
Total Cash Payments by Type	27,775	34,148	33,439	41,856	20,209	49,422	34,543	23,715	31,488	35,742	26,181	35,288	393,806	452,596	528,164
NET INCREASE/(DECREASE) IN CASH HELD	73,000	(9,629)	(11,356)	(30,137)	8,898	20,225	(19,293)	342	13,465	(23,118)	(11,196)	(12,612)	(1,410)	3,583	6,698
Cash/cash equivalents at the month/year begin:	1,586	74,586	64,957	53,602	23,466	32,363	52,588	33,295	33,637	47,102	23,984	12,788	176	176	3,759
Cash/cash equivalents at the month/year end:	74,586	64,957	53,602	23,466	32,363	52,588	33,295	33,637	47,102	23,984	12,788	176	176	3,759	10,457

## 2.11 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from Budget and Treasury Office.

## 2.12 CAPITAL EXPENDITURE DETAILS

The **Capital Budget of R95 256million for 2017/18 is 27% less** when compared to the 2015/16 Adjustment Budget. The Capital Budget is largely driven by projects emanating from the IDP projects identified by the community.

**TableSA34a provides a detailed breakdown of capital projects for 2017/18 MREF**

### 2.13 Legislation Compliance Status

The promulgation of the Municipal Finance Management Act 56 of 2003) has without doubt, enhanced efficiency and control measures to local government in terms of budgeting monitoring and accounting of public funds. The MFMA has created a profound effect on the local government operations that required transformation in financial discipline and planning processes. The budget preparation for 2017/18 has surpassed most of these key requirements.

The MFMA has created clear standards of operating for local government that complies or conforms to the International Standards of reporting. The municipality's reporting to Provincial Treasury has been substantially complied with.

Compliance with MFMA implementation requirements has been substantially adhered to through the following activities:

- **In- year reporting**  
The Municipality's electronic reporting to National Treasury has been complied with and has also improved over time. The monthly and quarterly returns to NT have been submitted on time.
- **Municipal Budget and Reporting Regulations**  
Budgeting in Gasegonyana LM is done in accordance with the MFMA: Municipal Budget and Reporting Regulations promulgated in 2009. Other directives from the National Treasury, for example in the form of budget circulars, are also taken into cognizance.
- **Annual Report**  
Annual report is compiled in terms of the MFMA and NT requirements.
- **SDBIP**  
The detail SDBIP document is at a draft stage and will be finalized after approval of the 2017/18 budget, directly aligned and informed by the 2017/18 budget.
- **Alignment of Budget with development priorities**  
There is clear linkage between the budget and the IDP. The Municipality is implementing programme budgeting to ensure that the development programmes identified in the IDP are appropriately funded.
- **Internship programme**  
The Municipality has been participating since 2007 actively in the Municipal Financial Management Internship Programme. The programme started with two interns undergoing training in various divisions of the Financial Services Department.

Five interns were appointed in February 2017 for a period of 36 months ending January 2020. Three Interns were absorbed in February 2016. These interns are funded by National Treasury (NT) with a R100 000.00 per intern per annum



## 2.14 MFMA BUDGET CIRCULAR 86





## Municipal Budget Circular for the 2017/18 MTREF

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## Introduction

This budget circular is a follow-up to the one issued in December 2016. It guides municipalities with their preparation of the 2017/18 Medium Term Revenue and Expenditure Framework (MTREF) and, as with previous annual budget circulars it should be read within that context. Among the objectives of this circular, is to support municipalities with giving effect to National Treasury's Municipal Budget and Reporting Regulations (MBRR) within the current economic climate. The key focus of this circular is the implementation of municipal Standard Chart of Accounts (mSCOA) and the grant allocations as per the 2017 Budget Review.

### 1. The South African economy and inflation targets

The 2017 Budget Review emphasised that, while the global economic growth outlook has improved, it is clouded by the prevailing policy uncertainty due to the increasing pressure within the world trading system. These factors may jeopardise South Africa's prudent macroeconomic and fiscal policies, which include inflation targeting and a flexible exchange rate, the local economy's ability to adjust to global volatility and the stable investment platform.

GDP growth rate is forecasted to increase by 1.3 per cent in 2017 and to improve moderately over the medium term with to 2 per cent and 2.2 per cent in 2018 and 2019 respectively. This forecast is supported by marginally higher global growth, stabilising commodity prices, greater reliability of the electricity network, more favourable weather conditions, recovering business and consumer confidence, and improved labour relations. The positive trajectory marks a shift from several years of declining growth however; this is still not high enough to markedly reduce unemployment, poverty and inequality.

The unemployment rate was 26.5 per cent in the fourth quarter of 2016. In aggregate mining and manufacturing employment declined by 80 306 jobs in 2016 while the services sector created 119 189 jobs during the same period. The economy continues to create opportunities for semi-skilled and skilled workers, and to shed unskilled jobs, reinforcing poverty and inequality and widening the wage gap.

These economic challenges will continue to pressurise municipal revenue generation and collection levels hence a conservative approach is advised for projecting revenue. Municipalities will have to improve their efforts to limit non-priority spending and to implement stringent cost-containment measures.

The following macro-economic forecasts must be considered when preparing the 2017/18 MTREF municipal budgets.

**Table 1: Macroeconomic performance and projections, 2015 - 2019**

Fiscal year	2016/17	2017/18	2018/19	2019/20
	Estimate	Forecast		
Consumer Price Inflation (CPI)	6.4%	6.4%	5.7%	5.6%
Real GDP growth	0.5%	1.3%	2.0%	2.2%

Source: 2017 Budget Review.

Note: the fiscal year referred to is the national fiscal year (April to March) which is more closely aligned to the municipal fiscal year (July to June) than the calendar year inflation.

## 2. Key focus areas for the 2017/18 budget process

### 2.1 Local government conditional grants and additional allocations

The 2017 Budget Review provides for R366.3 billion to be transferred directly to local government and a further R23 billion allocated to indirect grants for the 2017 MTEF. Direct transfers to local government over the medium term account for 9.1 per cent of national government's non-interest expenditure. When adding indirect transfers, the total spending for local government increases to 9.7 per cent of national non-interest expenditure.

Direct transfers to local government grow at an average rate of 8 per cent per annum over the 2017 MTEF. This strong growth in transfers to local government recognises the importance of local government functions and associated rising costs of municipal service delivery. Similarly, minor reductions are made to the larger conditional grants so that funds are prioritised in favour of other government priorities. Grant administrators and municipalities are encouraged to maximise the value derived from spending so that service delivery is not compromised.

Conditional grant funding targets delivery of national government's service delivery priorities. It is imperative that municipalities understand and comply with the conditions stipulated in the Division of Revenue Act (DoRA) in order to access this funding. The equitable share and the sharing of the general fuel levy constitute additional unconditional funding, of which the equitable share is designed to fund the provision of free basic services to disadvantaged communities.

Municipalities are reminded that all allocations included in their budgets must correspond to the allocations listed in the Division of Revenue Bill. All the budget documentation can be accessed from the National Treasury website by clicking on the link below:  
<http://ntintranet/documents/national%20budget/2017/>

### *Changes to local government allocations*

- The *local government equitable share* will grow by R3.3 billion over the MTEF period to assist municipalities with the rising costs of providing free basic services. An additional R1 billion will be added in 2018/19 and R2.3 billion in 2019/20 which further grows the 2016 Division of Revenue provision of R1.5 billion in 2017/18 and R3 billion in 2018/19. The formula, which is informed by the 2011 Census data, will be updated over the MTEF with data from the 2016 Community Survey. This data will be phased in over the MTEF period to ensure a smooth transition of the impact on the allocations to municipalities.
- Minor reductions are made to a mix of urban and rural grants, including, the *public transport network grant*, the *water services infrastructure grant*, the *municipal infrastructure grant* and the *urban settlements development grant* so that resources are available to fund other government priorities. In spite of the decreased allocations each of these grants will grow by at least 5 per cent annually over the 2017 MTEF period.
- Funds reprioritised from:
  - the *expanded public works programme integrated grant* to municipalities to fund the expanded mandate of the Commission for Conciliation, Mediation and Arbitration (as the commission will be providing its services to additional sectors);
  - the indirect *integrated national electrification programme (Eskom) grant*, mainly to fund the management of nuclear waste; and

- the indirect *regional bulk infrastructure grant* of which small amounts will be utilised to augment funding for water catchment management agencies.
- There is intent to introduce a new funding model for district municipalities upon completion of the Department of Cooperative Governance's review of their functional role. In 2017/18, adjustments are made to the *RSC/ JSB levies replacement grant* to redistribute funds to the 13 district municipalities currently receiving less than R40 million per year from this grant. The growth rates of the 10 district municipalities with the largest allocations are reduced to fund the increases to the other districts. They will receive two-thirds of their original growth rate in 2017/18 and one-third of their original growth rate in 2018/19.

In the outer year of the MTEF period, the grant increases by 8.8 per cent a year for district municipalities that are authorised to undertake water and sanitation services and 2.9 per cent for district municipalities that are not such authorities. The different rates recognise the various service delivery responsibilities of these district municipalities and the fact that the allocations to unauthorised municipalities have an average growth rate below inflation.

The Department of Cooperative Governance, which administers the *municipal infrastructure grant*, continues to implement measures to strengthen the management and implementation of the grant. Changes to be introduced in 2017/18 include the circulation of:

- a guideline on how to plan, assess and implement refurbishment projects funded by the grant. The rules of the grant were changed in 2015/16 to allow this funding to be utilised for refurbishment however there have not been many projects of this nature since then. The new guideline will clarify the requirements for accessing this refurbishment funding.
- a revised guideline on the use of project management unit funds. Municipalities are allowed to use up to 5 per cent of their allocations from this grant for a project management unit. Grant conditions that require municipalities to submit business plans for their project management units will also allow the Department of Cooperative Governance to ensure that municipalities adhere to the guideline's best practices.

## 2.2 Municipal Standard Chart of Accounts (mSCOA)<sup>1</sup>

The mSCOA Regulations apply to all municipalities and municipal entities with effect from 1 July 2017.

Technically, for a municipality to be regarded as mSCOA compliant on 1 July 2017 it must be able to transact across all the mSCOA segments and its core system and all sub-systems (including that of its municipal entities) must seamlessly integrate. Among the lessons learnt from the pilot municipalities, stems the recommendation that a municipality's point of departure for achieving system integration is that it prioritises the maximum integration potential of its core system so that it integrates with the Debtors main sub-system (including cash management and receipting), Payroll and the Assets Management sub-system modules. Furthermore, all municipalities must accommodate seamless integration of the Integrated Development Plan (IDP), Service Delivery and Budget Implementation Plan (SDBIP) and Budget facilities into the core financial system as these documents create a point of departure for the transactional environment come 1 July 2017.

<sup>1</sup> The Minister of Finance promulgated the Municipal Regulations on a Standard Chart of Accounts in government gazette Notice No. 37577 on 22 April 2014.



This means that the compilation of the 2017/18 Medium-Term Budget and Expenditure Framework (MTREF) must be compliant with the *m*SCOA classification framework.

In summary, *m*SCOA compliance in respect of the tabled 2017/18 MTREF and IDP submission means that the data string uploaded to the LG Database portal must meet the following requirements:

- No mapping;
- Correct use of all segments;
- Seamless integration of core system with sub-systems (municipalities must ensure the integration of the Debtors, Payroll and Asset sub-systems); and
- Integrated budgeting facility directly linked to the IDP and SDBIP facilities on the system.

It is imperative that municipalities are familiar with the addendum to MFMA Circular No. 80 which describes what constitutes *m*SCOA compliance by 1 July 2017. National Treasury has a dedicated website to support municipalities with their *m*SCOA readiness efforts.

For more information on *m*SCOA and other benefits of the reform, visit: <http://mfma.treasury.gov.za/RegulationsandGazettes/MunicipalRegulationsOnAStandardChartOfAccountsFinal/Pages/default.aspx>

### 2.3 *m*SCOA training for municipal officials

Municipalities are advised not to approach the market to procure services for *m*SCOA training as National Treasury has partnered with the Chartered Institute of Government Finance, Audit and Risk Officers (CIGFARO, previously IMFO) to undertake *m*SCOA training.

## 3. The revenue budget

National Treasury encourages municipalities to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other customers while ensuring the financial sustainability of the municipality. The Consumer Price Index (CPI) inflation has however breached the upper limit of the 3 to 6 per cent target band; therefore municipalities are now required to ***justify all increases in excess of the 6.4 per cent*** projected inflation target in their budget narratives, and pay careful attention to the differential incidence of tariff increases across all consumer groups.

Where revenue collection is not well planned or managed, or where tariffs are not properly set, serious financial problems can arise. Eskom's recent move to cut off power supply to municipalities that have not paid electricity bills is an indication of what can happen when municipalities fail to manage this risk.

### 3.1 Eskom bulk tariff increases

On the 23<sup>rd</sup> February 2017, the National Energy Regulator of South Africa (NERSA), issued a media statement saying that Eskom's allowed revenue for 2017/18 would result in a 2.2 per cent increase in the approved bulk tariffs for Eskom that year. NERSA's consultation paper on tariff benchmarking indicates that this will result in a 0.31 per cent increase in bulk tariffs to municipalities (the difference is due to the different financial years of Eskom and municipalities).

This is significantly lower than the 8 per cent tariff increase provided for in the current Multi-Year Price Determination as a result of higher increases approved in preceding years (12.7

per cent for 2015/16 and 9.4 per cent for 2016/17). The statement also says that, "*Nothing prevents Eskom from considering any possible cash flow risks and the implications thereof on its financial sustainability and make an application to NERSA for relief in this regard should it consider it necessary.*" The complete media statement can be accessed at [www.nersa.org.za](http://www.nersa.org.za).

Section 42 of the MFMA requires that bulk price increases charged to municipalities by an organ of state must be tabled by 15 March if they are to be effected as from 1 July of the same year, unless the Minister of Finance grants an extension. The Minister of Finance, at the request of the Minister of Public Enterprises, has granted an extension until 5 April 2017 for the tabling of Eskom's 2017/18 bulk prices for municipalities. Municipalities must ensure that their budgets are informed by Eskom's bulk tariff to be tabled on that date. In the meantime municipalities are advised to use the NERSA's guided 0.31 per cent bulk tariff increase when compiling their budgets. This means that any changes to the final bulk tariff increase for 2017/18 to be tabled by Eskom on the 5 April 2017 will have to be factored in at that time.

Municipalities must note that the free basic services subsidy provided for in the local government equitable share were informed by the 8 per cent bulk tariff increase previously approved for the current Multi-Year Price Determination period. The equitable share allocations were tabled on 22 February 2017 in the Division of Revenue Bill, 2017. If a lower electricity bulk tariff is tabled for 2017/18 this will be offset in the calculation of the free basic services subsidy for equitable share allocations for 2018/19. This means that municipalities will have to budget to retain any surplus funds from the higher free basic services subsidy paid in 2017/18 in order to offset the cost of providing free basic electricity in 2018/19.

#### **4. Funding choices and management issues**

Municipalities should carefully consider the costs associated with service delivery while keeping in mind affordability and inflation when setting revenue raising measures. Once again, approving tariffs that are less than the associated cost of providing the services will negatively impact the financial sustainability of municipalities.

##### **4.1 Employee related costs**

The South African Local Government Bargaining Council entered into a three-year *Salary and Wage Collective Agreement* for the period 01 July 2015 to 30 June 2018. The preparation of the 2017/18 MTREF constitutes implementation of the last year of the agreement which municipalities must implement as follows:

- 2017/18 Financial Year – average CPI (Feb 2016 – Jan 2017) + 1 per cent

*The previous years were:*

- 2015/16 Financial Year – 7 per cent
- 2016/17 Financial Year – average CPI (Feb 2015 – Jan 2016) + 1 per cent

##### **4.2 Remuneration of councilors**

Municipalities are advised to budget for the actual costs approved in accordance with the Government Gazette on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils published annually between December and January by the Department of Cooperative Governance.



## 5. Conditional Grant Transfers to Municipalities

### 5.1 Unspent Conditional Grants for 2016/17

In addition to the requirements outlined in the previous MFMA Circulars regarding unspent conditional grants, municipalities must know that the National Treasury uses the pre-audited Annual Financial Statements (AFS) to determine the unspent conditional grants. The decision is made based on the pre-audited AFS. Therefore, there will not be a review of the unspent conditional grants once the audited AFS are available. It is therefore imperative that municipalities ensure that there is completeness in reported figures on the pre-audited AFS.

Following the determination of unspent conditional grants to be surrendered to the National Revenue Fund, where municipalities fail to repay the unspent allocations and will not be able to withstand the impact of the offsetting of unspent allocations from their equitable share in one instalment, municipalities have an opportunity in terms of section 22 (5)(b) (ii) and (iii) to propose an alternative means acceptable to National Treasury by which the unspent allocations will be paid into the National Revenue Fund or to propose an alternative payment schedule (repayment arrangement).

Municipalities who intend to exercise the above option are encouraged to inform the National Treasury within 14 days upon receipt of the letter informing them of the unspent conditional grants to be repaid into the National Revenue Fund. Requests for repayment arrangements following the lapse of the 14 days will not be considered. The repayment arrangement is limited to a maximum of three installments, whereby municipalities can repay unspent allocations into the National Revenue Fund.

## 6. The Municipal Budget and Reporting Regulations

National Treasury has released Version 6.1 of Schedule A1 (the Excel Formats) which is aligned to version 6.1 of the mSCOA classification framework which must be used when compiling the 2017/18 MTREF budget. This version incorporates major changes (see Annexure A). Therefore **ALL** municipalities **MUST** use this version for the preparation of their 2017/18 MTREF budget.

Download Version 6.1 of Schedule A1 by clicking [HERE](#)

The Municipal Budget and Reporting Regulations, formats and associated guides are available on National Treasury's website at:

<http://mfma.treasury.gov.za/RegulationsandGazettes/Pages/default.aspx>

If municipalities require advice with the compilation of their respective budgets, specifically the budget documents or Schedule A1, they should direct their enquiries to their respective provincial treasuries or to the following National Treasury official:

	Responsible NT officials	Tel. No.	Email
Eastern Cape	Templeton Phogole	012-315 5044	<a href="mailto:Templeton.Phogole@treasury.gov.za">Templeton.Phogole@treasury.gov.za</a>
	Matlatji Mashoeshoe	012-315 6567	<a href="mailto:Matlatji.Mashoeshoe@treasury.gov.za">Matlatji.Mashoeshoe@treasury.gov.za</a>
Free State	Vincent Malepa	012-315 5539	<a href="mailto:Vincent.Malepa@treasury.gov.za">Vincent.Malepa@treasury.gov.za</a>
	Cethekile Moshane	012-315 5079	<a href="mailto:Cethekile.moshane@treasury.gov.za">Cethekile.moshane@treasury.gov.za</a>
	Katlego Mabiletsa	012-395 6742	<a href="mailto:Katlego.Mabiletsa@treasury.gov.za">Katlego.Mabiletsa@treasury.gov.za</a>
Gauteng	Kgomotso Baloyi	012-315 5866	<a href="mailto:Kgomotso.Baloyi@treasury.gov.za">Kgomotso.Baloyi@treasury.gov.za</a>
	Nomxolisi Mawulana	012-315 5460	<a href="mailto:Nomxolisi.Mawulana@treasury.gov.za">Nomxolisi.Mawulana@treasury.gov.za</a>

KwaZulu-Natal	Bernard Mokgabodi Johan Botha	012-315 5936 012-315 5171	<a href="mailto:Bernard.Mokgabodi@treasury.gov.za">Bernard.Mokgabodi@treasury.gov.za</a> <a href="mailto:Johan.Botha@treasury.gov.za">Johan.Botha@treasury.gov.za</a>
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Mpumalanga	Jordan Maja Anthony Moseki	012-315 5863 012-315 5174	<a href="mailto:Jordan.Maja@treasury.gov.za">Jordan.Maja@treasury.gov.za</a> <a href="mailto:Anthony.Moseki@treasury.gov.za">Anthony.Moseki@treasury.gov.za</a>
Northern Cape	Willem Voigt Mandla Gilimani	012-315 5830 012-315 5807	<a href="mailto:Willem.Voigt@treasury.gov.za">Willem.Voigt@treasury.gov.za</a> <a href="mailto:Mandla.Gilimani@treasury.gov.za">Mandla.Gilimani@treasury.gov.za</a>
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Western Cape	Templeton Phogole Vuyo Mbunge Kevin Bell	012-315 5044 012-315 5044 012-315 5725	<a href="mailto:Templeton.Phogole@treasury.gov.za">Templeton.Phogole@treasury.gov.za</a> <a href="mailto:Vuyo.Mbunge@treasury.gov.za">Vuyo.Mbunge@treasury.gov.za</a> <a href="mailto:Kevin.Bell@treasury.gov.za">Kevin.Bell@treasury.gov.za</a>
Technical issues with Excel formats	Elsabe Rossouw	012-315 5534	<a href="mailto:lgdataqueries@treasury.gov.za">lgdataqueries@treasury.gov.za</a>

National Treasury, together with the provincial treasuries, will undertake a compliance check and, where municipalities have not provided complete budget information, the municipal budgets will be returned to the mayors and municipal managers of the affected municipalities for the necessary corrections. Municipal managers are reminded that the annual budget must be accompanied by a quality certificate and council resolution in accordance with the format specified in item 31 of Schedule A of the Municipal Budget and Reporting Regulations. In addition to the above compliance check, the mSCOA data strings will be assessed to determine whether the municipalities are compliant.

The National Treasury herewith emphasises that where municipalities have not adhered to the Municipal Budget and Reporting Regulations, ***they will be required to go back to the municipal council and table a complete budget document aligned to the requirement of the Municipal Budget and Reporting Regulations. In addition, where municipalities have tabled an unfunded budget, they will be required to correct the budget to ensure that a funded budget is adopted and implemented.***

Municipalities with municipal entities are once again reminded to prepare consolidated budgets and in-year monitoring reports for both the parent municipality and its entity or entities. The following must be compiled:

- An annual budget, adjustments budget and monthly financial reports for the parent municipality in the relevant formats;
- An annual budget, adjustments budget and monthly financial reports for the entity in the relevant formats; and
- A consolidated annual budget, adjustments budget and monthly financial reports for the parent municipality and all its municipal entities in the relevant formats.

The A Schedule that the municipality submits to National Treasury must be a consolidated budget for the municipality (plus entities) and the budget of the parent municipality. D schedules must be submitted for each entity.

## 7. Budget process and submissions for the 2017/18 MTREF

### 7.1 Budgeting for the audited years on the A schedule (mSCOA)

According to international best practices, it is appropriate to reclassify historical information in line with the changes that occur in the Standard Chart of Accounts. However considering our

own circumstances and the technical capability of smaller municipalities, it is proposed that municipalities disclose audited and the current years' (2016/17) information using version 2.8 of the A schedule. In relation to the 2017/18 MTREF municipalities must use version 6.1 of the A schedule. By implication two separate schedules must be submitted.

The amalgamated municipalities must not complete the audited years because they are new institutions that existed after the Local Government elections in August 2016, therefore they do not have the audited figures. As a result of that, there will not be verification of audited years for the pre-amalgamation municipalities. They are required to submit the current year (2016/17) and the 2017/18 MTREF budgets.

## 7.2 Submitting budget documentation and schedules for 2017/18 MTREF

To facilitate oversight of compliance with the Municipal Budget and Reporting Regulations, accounting officers are reminded that:

- Section 22(b)(i) of the MFMA requires that, **immediately** after an annual budget is tabled in a municipal council, it must be submitted to the National Treasury and the relevant provincial treasury in both printed and electronic formats. If the annual budget is tabled to council on 31 March 2017, the final date of submission of the electronic budget documents and corresponding electronic returns is **Monday, 03 April 2017**. This includes the submission of the mSCOA data string. The deadline for submission of hard copies including council resolution is **Friday, 7 April 2017**.
- Section 24(3) of the MFMA, read together with regulation 20(1), requires that the approved annual budget must be submitted to both National Treasury and the relevant provincial treasury **within ten working days** after the council has approved the annual budget. If the council only approves the annual budget on 30 June 2017, the final date for such a submission is **Friday, 14 July 2017**, otherwise an earlier date applies.

The municipal manager must submit:

- the budget documentation as set out in Schedule A (version 6.1) of the Municipal Budget and Reporting Regulations, including the main Tables (A1 - A10) and ALL the supporting tables (SA1 – SA38) in both printed and electronic formats;
- the draft service delivery and budget implementation plan in both printed and electronic format;
- the draft service delivery standards;
- the draft integrated development plan;
- the council resolution;
- signed Quality Certificate as prescribed in the Municipal Budget and Reporting Regulations;
- schedules D, E and F specific for the entities; and
- the budget locking certificate.

Municipalities are required to send electronic versions of documents and the A1 schedule to [lgdocuments@treasury.gov.za](mailto:lgdocuments@treasury.gov.za).

If the budget documents are too large to be sent via email (exceeds 4MB) please submit to [lgbigfiles@gmail.com](mailto:lgbigfiles@gmail.com). Any problems experienced in this regard can be addressed with Elsabe Rossouw at [Elsabe.Rossouw@treasury.gov.za](mailto:Elsabe.Rossouw@treasury.gov.za).

Municipalities are required to send printed submissions of their budget documents and council resolution to:

**For couriered documents**

Ms Linda Kruger  
National Treasury  
40 Church Square  
Pretoria, 0002

**For posted documents**

Ms Linda Kruger  
National Treasury  
Private Bag X115  
Pretoria, 0001

In addition to the above mentioned budget documentation, metropolitan municipalities must submit the Built Environment Performance Plan (BEPP) tabled in council on 31 March 2017 to [Yasmin.coovadia@treasury.gov.za](mailto:Yasmin.coovadia@treasury.gov.za). If the BEPP documents are too large to be sent via email (exceeds 4MB) please submit to [yasmin.coovadia@gmail.com](mailto:yasmin.coovadia@gmail.com) or send to Yasmin Coovadia via Dropbox; any problems experienced in this regard can be addressed with [Yasmin.Coovadia@treasury.gov.za](mailto:Yasmin.Coovadia@treasury.gov.za). Hard copies of the BEPP may be sent to Yasmin Coovadia, National Treasury, 3<sup>rd</sup> floor 40 Church Square, Pretoria, 0002 or Private Bag X115, Pretoria, 0001.

**7.3 Budget reform returns to the Local Government Database for publication**

Municipalities are required to continue to use the Budget Reform Returns to upload budget and monthly expenditure to the National Treasury Local Government Database for publication purposes. All returns are to be sent to [lgdatabase@treasury.gov.za](mailto:lgdatabase@treasury.gov.za). Municipalities must submit returns for both the tabled budget and the final adopted budget as this will assist the National and provincial treasuries with the annual benchmark process.

In addition, municipalities must submit the mSCOA compliant data strings to the LG Upload Portal. National Treasury will continue with parallel reporting from municipalities until it is satisfied that all municipalities are mSCOA compliant and reporting adequately to support all publications.

The current electronic returns may be downloaded from National Treasury's website at the following link: [http://mfma.treasury.gov.za/Return\\_Forms/Pages/default.aspx](http://mfma.treasury.gov.za/Return_Forms/Pages/default.aspx).

**7.4 Publication of budgets on municipal websites**

In terms of section 75 of the MFMA, all municipalities are required to publish their tabled budgets, adopted budgets, annual reports (containing audited annual financial statements) and other relevant information on the municipality's website. This will aid in promoting public accountability and good governance.

All relevant documents mentioned in this circular are available on the National Treasury website, <http://mfma.treasury.gov.za/Pages/Default.aspx>. Municipalities are encouraged to visit it regularly as documents are regularly added / updated on the website.

**7.5 The use of private emails for business purposes**

There are municipalities that use private email addresses for business purposes (e.g. Gmail). For the purpose of the implementation of mSCOA the Local Government Database requires municipalities to update their contact details and provide official email addresses instead of private. Therefore municipalities must follow the process of ensuring that their Information and Communication Technology infrastructure can accommodate official email addresses. Further requirements will be issued in this regard.

## Contact



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**JH Hattingh**

**Chief Director: Local Government Budget Analysis**

**08 March 2017**



## Annexure A – Changes to Schedule A1 – the ‘Excel formats’

As noted above, National Treasury has released Version 6.1 of Schedule A1 (the Excel Formats). It incorporates the following changes:

No.	Sheet	Amendment	Reason
1	A2 and A2A	Changed reference to "Standard Classification" to functional classification and included detailed functional classification.	Align to version 6.1 of mSCOA classification framework
2	A4, SA2 and SA25	Deleted "Property rates – penalties and collection charges". Changed description for fines to "Fines, penalties and forfeits".	Align to version 6.1 of mSCOA classification framework
4	A5	Changed reference to "Standard Classification" to functional classification	Align to version 6.1 of mSCOA classification framework
5	A7 and SA30	Changed description for "property rates, penalties and collection charges" to property rates	Align to version 6.1 of mSCOA classification framework
6	A9	Changed breakdown of asset categories to align to CDIMS. Added a section on Upgrading of Existing Infrastructure.	Align to version 6.1 of mSCOA classification framework
8	SA3	Changed descriptions for "Call deposits < 90 days" and "Other current investments > 90 days" to exclude "< > 90 days".	Align to version 6.1 of mSCOA classification framework
9	SA17	Changed description of "Long-Term Loans (annuity/reducing balance)" to Annuity and Bullet Loans.	Align to version 6.1 of mSCOA classification framework
11	SA34(a-d)	Changed breakdown of asset categories to align to CDIMS.	Align to version 6.1 of mSCOA classification framework
12	SA34e	Added a table on Upgrading of Existing Infrastructure.	Align to version 6.1 of mSCOA classification framework
13	SA38	Added a table on operating expenditure projects	Align to version 6.1 of mSCOA classification framework



## 2.15 MFMA BUDGET CIRCULAR 82





## Cost Containment Measures

### Purpose

Section 62(1)(a) of the Municipal Finance Management Act No. 56 of 2003 (MFMA) stipulates that the accounting officer of a municipality is responsible for managing the financial administration of a municipality and must for this purpose take all reasonable steps to ensure that the resources of the municipality are used effectively, efficiently and economically.

In terms of the legal framework, the elected councils and accounting officers are required to institute appropriate measures to ensure that the limited resources and public funds are appropriately utilised to ensure value for money is achieved.

The purpose of this Circular is to guide municipalities and municipal entities on cost containment measures that must be implemented in an effort to address the impact of the country's economic challenges and to promote growth, address unemployment and equality, amongst others.

### Background

The national government has been aware of the need to contain costs and Cabinet resolved that all spheres of government, including municipalities and municipal entities must implement measures to contain operational costs and eliminate all non-essential expenditure.

In the 2016 State of the Nation Address, cost containment measures were re-emphasised. It was highlighted that excessive and wasteful expenditure has to be reduced, and that increased action be taken to manage unnecessary expenditure. The following measures were among those announced:

- Curtailment of overseas trips;
- The submission of strong motivation to MM's, Mayors and, where necessary, oversight mechanisms at local, provincial and national spheres of Government by those requesting permission to travel either locally or abroad: i.e. their detailed report including research which argues the necessity of the trip and the benefit the country will achieve in undertaking the journey;
- The institutionalisation of further restrictions on conferences, catering, entertainment and social functions.

In reinforcing the above, the Minister of Finance also announced further cost containment measures in his budget speech on 24 February 2016, and urged Mayors of municipalities to exercise and oversee the elimination of wasteful



expenditure in government. SALGA supported the call for cost containment measures to be implemented in municipalities as per the Budget Forum engagements and commitments.

Municipalities must make clear and quantified commitments in this regard when tabling their upcoming budgets, and to reference these commitments when submitting budget documentation to the National and Provincial Treasuries, as required by the MFMA.

**Annexure A** of this circular presents cost containment measures that accounting officers and chief finance officers must consider in order to contain operational costs and eliminate non-essential expenditure. In addition, municipalities are advised to refer to MFMA Budget Circular No. 70 and other relevant Circulars on the elimination of non-priority spending (<http://mfma.treasury.gov.za/Circulars/Pages/default.aspx> ).

### **Enforcement of cost containment measures**

SALGA recently expressed concern over the lack of enforcement of such measures and municipal councils are herewith reminded of Section 171(1) of the MFMA whereby the accounting officer of a municipality commits an act of financial misconduct if that accounting officer deliberately or negligently contravenes a provision of the Act, or fails to comply with a duty imposed by the Act on the accounting officer of the municipality.

Failure to fulfill the duty outlined in section 62(1) (a) of the MFMA may result in the accounting officer committing an act of financial misconduct and that disciplinary or criminal proceedings are instituted against any official who has allegedly committed an act of financial misconduct or an offence in terms of chapter 15. The accounting officer also has a duty to ensure that unauthorised, irregular or fruitless and wasteful expenditure and other losses are prevented.

In addition, section 167 of the MFMA provides that a municipality may only remunerate its office bearers within the parameters set out in that section. In particular, sub-section 167(2) provides that any benefit paid that is outside the parameters set out in subsection (1) is irregular expenditure and must be recovered from the political office-bearer concerned.

Details of precisely what a municipality may pay or remunerate its political office bearers are set out in the Notices issued in terms of the Political Office Bearers Act by the Minister of Cooperative Governance and Traditional Affairs.

Municipalities are reminded that the National Treasury will soon be conducting municipal budget benchmark engagements with non-delegated municipalities during which all municipal budgets will be assessed against the cost containment measures outlined in this Circular. Provincial Treasuries will be conducting similar engagements and budget assessments with delegated municipalities.

Consideration has been given to the lack of enforcement measures and therefore it is envisaged that regulations will be issued to align these measures with financial misconduct regulations. Disclosure of cost containment measures applied by the municipality and entity must be included in the Municipal Budget and Annual Report.

Measures implemented and regular reports must be submitted to the Municipal Public Accounts Committee for review and recommendations to Council on additional measures to be taken.

The contents of this Circular has been shared with the office of the Auditor-General for their application, scrutiny and assessment.

## Conclusion

It is important that the accounting officer ensures that the content of this Circular is brought to the attention of the Municipal Council and all other relevant officials within municipalities and municipal entities. It is recommended that:

- Municipalities adopt this Circular together with their annual budgets;
- Municipalities are advised to review other finance related policies to ensure consistency with this Circular;
- Municipalities implement the circular by creating the appropriate oversight mechanisms to monitor cost containment measures;
- Implementation of such measures will assist in ensuring that the provisions of sections 62 and 167 of the MFMA are complied with to ensure that reasonable steps are taken for public resources to be used effectively, efficiently, economically and in the best interests of the local community.

Any queries relating to municipalities preparation of municipal budgets in line with the cost containment measures should be directed to the respective National or Provincial Treasury official responsible for monitoring the municipality's budget. The names of these officials can be obtained from MFMA Circular 79 and / or other related MFMA Circulars. This Circular must be tabled before the municipal council for adoption together with the 2016/17 MTREF budget.

Issued on behalf of:

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Intergovernmental Relations

Kenneth Brown  
Chief Procurement Officer

Jayne Nair  
Acting Accountant-General

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**TV PILLAY**  
**CHIEF DIRECTOR: MFMA IMPLEMENTATION**  
**30 MARCH 2016**



## **Annexure A – Cost Containment Measures**

Cabinet resolved, on 23 October 2013 that cost containment measures must be implemented to eliminate wasteful expenditure, reprioritise spending and ensure savings on the following focus areas among others; engagement of consultants, travel and subsistence costs, issuing of credit cards, accommodation costs, office furnishing costs, advertising or sponsorship costs, catering and events related costs.

It is prudent that Municipalities consider consultation with its employees and through public participation to obtain input and consideration from affected stakeholders such as communities, ratepayers, businesses, and so on which may prove to be beneficial when facilitating the implementation of cost containment policies and actions.

Municipalities are advised to ensure appropriate monitoring and reporting on such cost saving measures is instituted for ease of reporting to management and council on progress on a regular basis. The internal audit unit of municipalities must be copied with such reports.

### **1. Engagement of Consultants**

- Accounting Officers must only contract with consultants after a gap analysis report has confirmed that the municipality does not have the requisite skills or resources in its permanent employment to perform the services required.
- Evidence of acute planning of the project must be visible to all relevant persons including the administration and political oversight mechanisms in place at the municipality.
- Consultants, including construction and infrastructure related services, must only be remunerated at the rates equal to or below those:
  - determined in the "Guidelines on fees for audits done on behalf of the Auditor-General South Africa", issued by the South African Institute of Chartered Accountants (SAICA);
  - set out in the "Guide on Hourly Fee Rates for Consultants", by the Department of Public Service and Administration (DPSA); or
  - Prescribed by the body regulating the profession of the consultant.
- Ensure an exacting "specification" of the work to be accomplished accompanies the tender and is used as a monitoring tool, are appropriately recorded and monitored.
- Ensure that contracts for consultants include retention and penalty clauses for poor performance and in this regard against the above specification, accounting officers must invoke such clauses, where deemed necessary.
- It is mandatory that accounting officers of municipalities and municipal entities conclude on the best "value for money", i.e. matching fees against quality and against benchmarked practices.
- Accounting officers of municipalities and municipal entities must appoint consultants on a time and cost basis with specific start and end dates.
- Travel and subsistence costs for the appointment of consultants must be in accordance with the travel policy of government and the contract price specifies all travel & subsistence costs.

- If travel and subsistence costs for appointed consultants are exclusive of the contract, the costs must be in accordance with the following provisions:
  - a) Hotel accommodation may not exceed the amount mentioned in this Circular;
  - b) Only economy class air tickets may be purchased for flights;
  - c) Only group B vehicles or lower may be hired for engagements, as mentioned in this Circular;
  - d) Kilometres claimed for the use of private vehicles may not exceed the rates approved by the National Department of Transport, as updated from time to time.
- Municipalities are urged to develop consultancy reduction plans.
- Undertake all engagements of consultants in accordance with the SCM Regulations and the municipality's SCM policy.

## 2. Travel and subsistence

The National Treasury, on behalf of all three spheres of government, has negotiated improved upfront discounts for flights as well as discounted accommodation rates. Therefore municipalities and municipal entities are requested to utilise these agreements to assist in their respective cost containment measures, unless they can negotiate lower air travel rates or utilise other service providers that offer lower rates.

### Net and Non-Commissionable Rates

All rates offered to Government as of 1 April 2016 will be net and non-commissionable. This will include the informal accommodation market e.g. Guest Houses and Bed & Breakfast establishments.

### Rebates, Overrides, Volume based income

In the spirit of transparency, the OCPO is taking a firm position on rebates, overrides or any volume driven target incentives being paid by suppliers to Travel Management Company (TMC). As of 1 April 2016 these payments and the practice of overrides is to discontinue for Government business.

## 2.1 National Travel Policy

The Treasury will implement a Government Travel Policy as of 1 April 2016. This will be available on the OCPO's website:

([http://ocpo.treasury.gov.za/Buyers\\_Area/Legislation/Pages/default.aspx](http://ocpo.treasury.gov.za/Buyers_Area/Legislation/Pages/default.aspx))

## 2.2 Air Travel

- National Treasury has negotiated with the two "Full Service Carriers", i.e. SAA and BA for discounted rates for government officials for domestic air travel. (These rates are not applicable for International Air Travel.).
- For SAA, the discounts range from 5% (L class) up to 30% (Y Class) for Economy Class tickets; and 10% (D Class) up to 26% (C Class) for Business Class tickets. Please note that business class is not encouraged, however where a single flight exceed 5 hours, consideration may be applied.

- For BA the discounts range from 10% (O, Q class) up to 25% (Y Class) for Economy Class tickets; and 20% (J Class) for Business Class tickets. Please note that business class is not encouraged, however where a single flight exceed 5 hours, consideration may be applied.
- Treasury will be entering into a short-term Corporate Agreement from 1 April 2016 to 30 September 2016 in the interim, where after the agreements will be reviewed with a view of longer term applicability.
- The premise of Best Fare on the Day will be implemented making full use of the negotiated Government Corporate Agreements with SAA and BA Comair. Quotations are to be obtained from at least SAA and BA Comair before issue. Other Low Cost Carriers may also be requested for quotations. Please note that all discounted rates are subject to class availability.
- Corporate agreements with SAA and BA/Comair will be made available to TMCs that are currently contracted to Government. Should the municipal TMC have not been contacted by the full service carrier representative, they are to inform National Treasury with the agents name; physical address, contact name, email address and IATA number. Upon receipt of the information, the representatives of the full service carriers will ensure that the TMC is given access to the deal code. The TMC must have an authenticated IATA number.
- Accounting officers of municipalities and municipal entities are advised to include a clause in their respective documents that travel agencies are only permitted to make booking arrangements on behalf of municipalities and municipal entities in line with this Circular. Current arrangements need to be updated and amended to reflect these changes.
- Disabled persons can be accommodated in economy class, however, in extremely exceptional and rare cases an Accounting Officer may approve, with evidence, other than economy class air travel.

### 2.3 Domestic Hotel Accommodation

National Treasury has negotiated maximum allowable rates with four hotel groups. A non-exclusive MOU is being entered into with the hotels over a period of six months from 1 April to 30 September 2016 while National Treasury prepares for an open bid process. The hotels are as follows, Premier Group, Protea Hotels, City Lodge and Tsogo Sun. The instruction to travel agents must be to obtain quotes from each of the four hotels; however it is not necessarily limited to them as accommodation depends on availability, locality and rates, which could be lower. Competition and cost effectiveness must remain a key principle.



Table 1: Rates set for Domestic Hotel Accommodation

Accommodation Grid			
Voucher Includes	BAND 1	BAND 2	BAND 3
	Room Only Tourism Levy VAT	Bed & Breakfast Tourism Levy VAT	Dinner, Bed and Breakfast Tourism Levy VAT 2 x soft Drink at Dinner
Graded Hotel	BAND 1	BAND 2	BAND 3
1 Star property	R580.00	R710.00	R810.00
2 Star property	R650.00	R800.00	R925.00
3 Star property	R1,100.00	R1,200.00	R1,400.00
4 Star property	R1,250.00	R1,350.00	R1,550.00
5 Star property	R2,100.00	R2,200.00	R2,500.00
Bed & Breakfast or Guest house	BAND 1	BAND 2	BAND 3
1 Star property	-	R180.00	R270.00
2 Star property	-	R250.00	R350.00
3 Star property	-	R400.00	R520.00
4 Star property	-	R500.00	R750.00
5 Star property	-	R800.00	R975.00
S&T Allowance	BAND 1	BAND 2	BAND 3
Breakfast	R120.00	-	-
Lunch	R120.00	R120.00	-
Dinner	R150.00	R150.00	-
Total as per TP	R390.00	R270.00	-
S&T Claims accepted based on Travel Policy, detail include Parking, Laundry and Wi Fi			
Important Note: All other costs incurred are for the individuals account.			
Note: Consideration should be given to include such a table in policies.			

- Accounting officers must ensure that overnight accommodation is limited to instances where the distance travelled by road by the employee exceeds 500 kilometres to and from the destination (return journey).

## 2.4 Vehicle Hire

- Municipalities are encouraged to continue considering their own fleet first, where viable, prior to hiring of vehicles;
- Notwithstanding the provisions above, all employees must make use of shuttle services if the cost of such a service is below the cost of hiring a vehicle.
- Accounting officers must also consider making use of shuttle services if the cost of kilometres claimable by the employee and the cost of parking are higher than the shuttle services.
- Ensure the hiring of vehicles from a category below Group B or an equivalent class. Accounting officers may permit employees to accept up-graded group of

hired vehicles if such an up-grade is offered for free or at a lower charge than Group B.

- Vehicle travel claims by employees of municipalities and municipal entities must be restricted to the actual distance travelled in excess of the normal distance from the employee's residence to his or her place of work or as may be negotiated using a motor vehicle allowance scheme.

### 3 Credit Cards

The use of credit and debit cards was addressed in an earlier MFMA Circular.

A bank, or any other institution, may not issue credit cards or debit cards linked to a bank account of a municipality or a municipal entity to any councillors, entity board members, municipal or entity officials or any other person. The issuing and use of such cards be it for official purposes:

- contravenes section 11 and 85 of the MFMA as there is no way of ensuring that all purchases made on the card are in accordance with the items listed in the sections or as prescribed;
- contravenes section 167 of the MFMA which provides that any bursary, loan, advance or other benefit paid to a municipal councillor otherwise than in accordance with the provisions of the Remuneration of Public Office Bearers Act constitutes irregular expenditure;
- contravening section 15 of the MFMA by incurring expenditure not authorised in an approved budget;
- non-compliance with section 164 of the MFMA which provides that no municipality or municipal entity may make loans to councillors or officials of the municipality, directors or officials of the entity or members of the public;
- non-compliance with the supply chain management regulations; and
- undermines efforts to safeguard municipal funds, combat fraud and corruption, as well as other irregular practices.

While the use of petrol cards or garage cards for municipal vehicles is permitted, it must be utilised in accordance with an appropriate policy and related procedures to avoid misuse thereof. Cost containment measures should be applied in managing and planning trips.

Where officials or councillors incur expenses in relation to official municipal activities, they should use their personal credit cards or cash, and request reimbursement from the municipality in accordance with the relevant municipal policy and processes. Alternatively, the municipality should make arrangements with the service provider that the expenditure be settled directly by the municipality.

### 4 Catering costs

- Do not incur catering expenses for any meetings where only municipal officials are in attendance. Notwithstanding the above, the accounting officer may incur catering expenses for the following, provided that such lasts for five (5) continuous hours or more:
  - a) The hosting of conferences, workshops, courses, forums, recruitment interviews, training courses, hearings;



- b) Meetings related to commissions or committees of inquiry; or
- c) Meetings hosted by the board of directors of municipal entities, including governance committee meetings.
- Ensure that entertainment allowances of qualifying officials do not exceed two thousand rand (R2 000) per person per financial year. The National Treasury may periodically review this amount.
- Do not incur expenses on alcoholic beverages.
- Ensure that team building and social functions, including year-end functions, are not financed from the municipal budgets or by any suppliers or sponsors.
- Notwithstanding the above, accounting officers may incur no more than the petty cash allocation or limitations on expenditure from their respective budgets to host farewell functions to employees who are either:
  - (a) proceeding on retirement due to ill health; or
  - (b) proceeding on retirement after reaching the qualifying age limit of a minimum of ten (10) or more years working for the public service.
- Accounting officers and accounting authorities may **not** host farewell functions for employees who have:
  - (a) been dismissed;
  - (b) elected to resign or leave by accepting severance packages; or
  - (c) Approached the end of their contractual term.

## 5 Events, advertising and sponsorships

- Eliminate wasteful expenditure on events, advertising in magazines, television, newspapers etc. where the municipality can use other cost effective means such as websites to market the institution or properly publicise the matters or events under consideration.
- Memorabilia, gifts and other novelties should be of token value only and should only be offered by municipalities and municipal entities in order to acknowledge support or a visit or attendance by a dignitary in connection with a benefit to the local community; to reciprocate the giving of a similar token gift by another organisation; or similar but in all cases there must be an identifiable benefit to the community.
- Limit or stop all unnecessary expenditure on matters such as printing of shirts, hosting of sporting events, festivals and other associated events, cruises, lavish functions, and extraordinary costs associated with visits of dignitaries or induction of new councillors.

## 6 Conferences, meetings, study tours, etc.

- Employees of municipalities and municipal entities may attend conferences hosted by professional bodies or non-governmental institutions (external conferences) held within the borders of South Africa provided that expenses related to their attendance do not exceed two thousand five hundred rand (R2 500) per person per day. The number of municipal officials attending such conferences and workshops must be limited, see below. The National Treasury may periodically review this amount.



- Employees must make every effort to take advantage of early registration discounts by seeking the required approvals to attend well in advance of the conference as it relates to their area of work. No late registration is acceptable.
- Conferences abroad must be limited to its ultimate minimum or none at all.
- Utilise municipal and/or provincial office facilities for conferences, meetings, strategic planning sessions etc. where an appropriate venue exists within the municipal jurisdiction.
- Limit or stop overseas trips and the delegations going on such trips unless a tangible and clear benefit to the local community and performance of essential service provision can be established beforehand.
- The number of employees travelling to conferences or meetings on official duty for the same matter is limited to three (3) employees, unless otherwise approved in advance by the relevant accounting officer, having due regard to the cost containment measures.
- Similar to the above, the number of employees travelling by air to other centres to attend an official engagement on the same matter is also limited to three (3) employees, unless otherwise approved in advance by the relevant accounting officer, having due regard to the cost containment measures.

## **7 Office furnishing**

- Municipalities should exercise due precaution in refurbishing offices, purchasing equipment, etc. especially when new persons are elected or appointed. Use of existing facilities and equipment is encouraged.
- Office furnishing, when required, should be contained to minimal costs, avoiding elaborate and expensive furniture or equipment.

## **8 Staff study, perks and suspension costs**

- Training attended by employees and councillors of municipalities and municipal entities may only be attended at pre-approved service providers to ensure sufficient quality of training and obtain value for money.
- Expenditure associated with overseas study tours by councillors or officials must be reduced and preferably stopped.
- Encourage staff to take time off to make up for overtime worked.
- Planned overtime must be submitted to management for consideration on a monthly basis.
- Unplanned overtime worked must be motivated and approved by management.
- Costs associated with long-standing staff suspensions and legal costs associated with not following due processes when suspending and dismissing staff must be eliminated.
- Constant management of staff, improvements in productivity levels and feedback must be provided to all staff.

## **9 Cost containment on other related expenditure items**

- Accounting officers of municipalities and municipal entities are advised to ensure that all commodities and products that the National Treasury designated as transversal contracts are utilised to benefit from savings where lower prices or rates have been negotiated.

- Periodic or quarterly threat assessments against councillors and key officials should be undertaken by the appropriate authority (SAPS) and reported to the Speakers Office. Approval for security measures must be informed by such reports, if paid for from municipal funds. The use of metropolitan traffic officers for such purposes should be avoided.
- Municipal funds may not be used to fund election campaign activities, including the provision of supporting material, clothing, food, inducements to vote either as part of, or during election rallies.
- Printing of documents should carefully considered be back-to-back and use of colour printing for graphs only, while use of electronic means should be preferred.
- Review and introduce limits on municipal staff telephones and limiting private call to a reasonable amount.
- Every effort must be made to recover debt from consumers before write-off. Municipalities to avoid the excessive usage of debt collectors and improve its internal capacity for debt collection.
- Ensure synergy between municipal divisions or departments to avoid duplication of processes and efforts.
- Where possible the warranties on vehicle and computer equipment should be extended instead of procuring new ones.
- Labour saving devices should be shared to optimise the capacity utilisation of each device.
- Purchasing of newspapers and other publications for municipal employees to limited and stopped.
- Municipalities should ensure that awareness is raised with municipal staff so that a high degree of energy saving measures can be introduced, e.g. air-conditioning and lights in buildings are switched off at night and when offices are not in use.
- All other cost containment measures introduced by council are also encouraged and supported.

## 2.16 Municipal Manager Quality Certificate





# Ga-Segonyana

MUNISIPALITEIT • MUNICIPALITY • MASEPALA

Our Ref No.:  
Ons Verw. Nr.:  
Tshupelo ya rona:

Cnr Voortrekker and School Streets  
Private Bag X1522, KURUMAN 8460

Tel: 053 712 9300

Fax: 053 712 5381

Enquiries:  
Navrae:  
Dipatlisiso:

E-mail: kuruman@ga-segonyana.gov.za

VAT Reg. no. 7890117197

## QUALITY CERTIFICATE

I **Martin Tsatsimpe**, Acting Municipal Manager of **GA-SEGONYANA LOCAL MUNICIPALITY**, hereby certify that the 2017/18 Annual Budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the Annual Budget and supporting documents are consistent with the integrated Development plan of the municipality.

Print Name **Martin Tsatsimpe**

Acting Municipal manager of **GA-SEGONYANA LOCAL MUNICIPALITY (NC 452)**

Signature

Date: 30 May 2017





NC452 Ga-Segonyana - Table A1 Budget Summary

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	-	-	-	-	-	-	-	39,075	41,302	43,615
Service charges	-	-	-	-	-	-	-	130,255	137,765	145,564
Investment revenue	-	-	-	-	-	-	-	1,100	1,163	1,228
Transfers recognised - operational	-	-	-	-	-	-	-	134,546	145,842	156,588
Other own revenue	-	-	-	-	-	-	-	27,076	28,619	30,222
<b>Total Revenue (excluding capital transfers and contributions)</b>	-	-	-	-	-	-	-	332,051	354,691	377,216
Employee costs	-	-	-	-	-	-	-	111,675	118,041	124,651
Remuneration of councillors	-	-	-	-	-	-	-	8,458	8,940	9,440
Depreciation & asset impairment	-	-	-	-	-	-	-	36,201	38,265	40,408
Finance charges	-	-	-	-	-	-	-	2,813	2,974	3,140
Materials and bulk purchases	-	-	-	-	-	-	-	82,025	86,700	91,556
Transfers and grants	-	-	-	-	-	-	-	-	-	-
Other expenditure	-	-	-	-	-	-	-	89,326	94,418	99,705
<b>Total Expenditure</b>	-	-	-	-	-	-	-	330,499	349,337	368,900
<b>Surplus/(Deficit)</b>	-	-	-	-	-	-	-	1,553	5,354	8,316
Transfers and subsidies - capital (monetary allocations)	-	-	-	-	-	-	-	94,211	137,262	195,481
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	-	-	-	-	-	-	-	95,764	142,616	203,797
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	-	-	-	-	-	-	-	95,764	142,616	203,797
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	-	-	-	-	-	-	-	95,256	137,262	195,481
Transfers recognised - capital	-	-	-	-	-	-	-	94,211	137,262	195,481
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	1,045	-	-
<b>Total sources of capital funds</b>	-	-	-	-	-	-	-	95,256	137,262	195,481
<b>Financial position</b>										
Total current assets	-	-	-	-	-	-	-	88,417	93,456	98,690
Total non current assets	-	-	-	-	-	-	-	1,150,405	1,215,978	1,284,073
Total current liabilities	-	-	-	-	-	-	-	29,041	30,706	32,436
Total non current liabilities	-	-	-	-	-	-	-	20,983	15,004	10,228
Community wealth/Equity	-	-	-	-	-	-	-	1,188,799	1,263,725	1,340,100
<b>Cash flows</b>										
Net cash from (used) operating	-	-	-	-	-	-	-	98,836	145,635	206,969
Net cash from (used) investing	-	-	-	-	-	-	-	(95,256)	(137,262)	(195,481)
Net cash from (used) financing	-	-	-	-	-	-	-	(4,790)	(4,790)	(4,790)
<b>Cash/cash equivalents at the year end</b>	-	-	-	-	-	-	-	176	3,759	10,457
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	-	-	-	-	-	-	-	-	-	-
Application of cash and investments	-	-	-	-	-	-	-	(35,303)	(36,442)	(40,411)
<b>Balance - surplus (shortfall)</b>	-	-	-	-	-	-	-	35,303	36,442	40,411
<b>Asset management</b>										
Asset register summary (WDV)	-	-	-	-	-	-	1,148,705	1,148,706	1,214,182	1,282,176
Depreciation	-	-	-	-	-	-	36,201	36,201	38,265	40,408
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	-	-	-	-	-	-	36,780	36,780	38,876	41,054
<b>Free services</b>										
Cost of Free Basic Services provided	-	-	-	-	-	-	3,747	3,747	3,875	4,008
Revenue cost of free services provided	-	-	-	-	-	-	43,725	43,725	46,218	48,806
<b>Households below minimum service level</b>										
Water:	-	-	-	-	-	-	6	6	7	7
Sanitation/sewerage:	-	-	-	-	-	-	4	4	4	4
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	19	19	20	21



NC452 Ga-Segonyana - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>	<b>1</b>									
<b>Revenue - Functional</b>										
<b>Governance and administration</b>		-	-	-	-	-	-	58,849	62,203	65,687
Executive and council		-	-	-	-	-	-	6,300	6,659	7,032
Finance and administration		-	-	-	-	-	-	52,549	55,544	58,655
Internal audit		-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		-	-	-	-	-	-	6,923	21,836	22,368
Community and social services		-	-	-	-	-	-	5,321	20,143	13,580
Sport and recreation		-	-	-	-	-	-	1,532	1,619	8,710
Public safety		-	-	-	-	-	-	70	74	78
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		-	-	-	-	-	-	65,304	55,176	60,048
Planning and development		-	-	-	-	-	-	16,448	17,743	18,569
Road transport		-	-	-	-	-	-	48,796	37,369	41,412
Environmental protection		-	-	-	-	-	-	60	63	67
<b>Trading services</b>		-	-	-	-	-	-	295,126	352,674	424,528
Energy sources		-	-	-	-	-	-	140,619	146,884	195,465
Water management		-	-	-	-	-	-	89,840	94,092	148,798
Waste water management		-	-	-	-	-	-	30,617	75,707	42,259
Waste management		-	-	-	-	-	-	34,050	35,991	38,006
<b>Other</b>	4	-	-	-	-	-	-	60	63	67
<b>Total Revenue - Functional</b>	2	-	-	-	-	-	-	426,262	491,953	572,697
<b>Expenditure - Functional</b>										
<b>Governance and administration</b>		-	-	-	-	-	-	140,897	148,717	157,045
Executive and council		-	-	-	-	-	-	13,720	14,502	15,314
Finance and administration		-	-	-	-	-	-	126,977	134,215	141,731
Internal audit		-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		-	-	-	-	-	-	20,784	21,968	23,199
Community and social services		-	-	-	-	-	-	9,807	10,366	10,946
Sport and recreation		-	-	-	-	-	-	8,726	9,224	9,740
Public safety		-	-	-	-	-	-	2,251	2,379	2,512
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		-	-	-	-	-	-	36,374	38,447	40,601
Planning and development		-	-	-	-	-	-	15,929	16,837	17,780
Road transport		-	-	-	-	-	-	20,020	21,162	22,347
Environmental protection		-	-	-	-	-	-	425	449	474
<b>Trading services</b>		-	-	-	-	-	-	132,588	140,146	147,994
Energy sources		-	-	-	-	-	-	83,882	88,663	93,628
Water management		-	-	-	-	-	-	28,619	30,250	31,944
Waste water management		-	-	-	-	-	-	6,282	6,640	7,012
Waste management		-	-	-	-	-	-	13,806	14,593	15,410
<b>Other</b>	4	-	-	-	-	-	-	55	58	61
<b>Total Expenditure - Functional</b>	3	-	-	-	-	-	-	330,499	349,337	368,900
<b>Surplus/(Deficit) for the year</b>		-	-	-	-	-	-	95,764	142,616	203,797

**References**

1. Government Finance Statistics Functions and Sub-functions are standardised to assist the compilation of national and international accounts for comparison purposes
2. Total Revenue by functional classification must reconcile to Total Operating Revenue shown in Budgeted Financial Performance (revenue and expenditure)
3. Total Expenditure by Functional Classification must reconcile to Total Operating Expenditure shown in Budgeted Financial Performance (revenue and expenditure)
4. All amounts must be classified under a functional classification. The GFS function 'Other' is only for Abattoirs, Air Transport, Forestry, Licensing and Regulation, Markets and Tourism - and if used must be supported by footnotes. Nothing else may be placed under 'Other'. Assign associate share to relevant classification.



NC452 Ga-Segonyana - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description										Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Review & Expenditure Framework		
8 Budget										1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Revenue - Functional</b>																			
<b>Municipal governance and administration</b>																			
Council and Council																			
Mayor and Council																			
Municipal Manager, Town Secretary and Chief Executive																			
Finance and administration																			
Administrative and Corporate Support																			
Asset Management																			
Budget and Treasury Office																			
Finance																			
Fleet Management																			
Human Resources																			
Information Technology																			
Legal Services																			
Marketing, Customer Relations, Publicity and Media Co.																			
Property Services																			
Risk Management																			
Security Services																			
Supply Chain Management																			
Waste Services																			
Internal audit																			
Governance Function																			
<b>Community and public safety</b>																			
Community and social services																			
Aged Care																			
Agricultural																			
Animal Care and Diseases																			
Crematoriums, Funeral Parlours and Cemeteries																			
Child Care Facilities																			
Community Halls and Facilities																			
Consumer Protection																			
Cultural Matters																			
Disease Management																			
Education																			
Indigenous and Customary Law																			
Industrial Provision																			
Language Policy																			
Literature and Archives																			
Library Programmes																			
Media Services																			
Museums and Art Galleries																			
Population Development																			
Provincial Cultural Matters																			
Theatres																			
Zoo																			
<b>Sport and recreation</b>																			
Beaches and Jetties																			
Casinos, Racing, Gambling, Wagering																			
Community Parks (including Nurseries)																			
Recreational Facilities																			
Sports Grounds and Stadiums																			
<b>Public safety</b>																			
Civil Defence																			
Cleaning																			
Control of Public Nuisance																			
Fencing and Fences																			
Fire Fighting and Protection																			
Licensing and Control of Alcohol																			
<b>Hoarding</b>																			
Hoarding																			
Informal Settlements																			
<b>Health</b>																			
Addiction																			
Health Services																			
Laboratory Services																			
Food Control																			
Health Surveillance and Prevention of Communicable																			
Vector Control																			
Chemical Safety																			
<b>Economic and environmental services</b>																			
Planning and Development																			
Infrastructure																			
Corporate Risk Strategic Planning (IDPs, LDDs)																			
Greater City Incorporated District																			
Development Facilitation																			
Economic Development/Planning																			
Regional Planning and Development																			
Town Planning, Building Regulations and Enforcement, and																			
Project Management Unit																			
Provincial Planning																			
Support for Local Municipalities																			
<b>Road transport</b>																			
Police Forces, Traffic and Street Parking Control																			
Ferries																			
Public Transport																			
Road and Traffic Regulation																			
Roads																			
Taxi Ranks																			
<b>Environmental protection</b>																			
Biodiversity and Landscape																			
Coastal Protection																			
Indigenous Forests																			
Nature Conservation																			
Pollution Control																			
Soil Conservation																			
<b>Trading services</b>																			
Chargess																			
Electricity																			
Street Lighting and Signal Systems																			
Non-ferrous Energy																			
<b>Water management</b>																			
Water Treatment																			
Water Distribution																			
Water Storage																			
<b>Waste water management</b>																			
Risks/Tyres																			
Sewerage																			
Storm Water Management																			
Waste Water Treatment																			
<b>Waste management</b>																			
Recycling																			
Solid Waste Disposal (Landfill Sites)																			
Solid Waste Removal																			
Street Cleaning																			
<b>Other</b>																			
Motels																			
Air Transport																			
Parity																			
Licensing and Regulation																			
Markets																			
Taxis																			
<b>Total Revenue - Functional</b>																			
<b>Expenditure - Functional</b>																			





2019/2020	2018/2019	2017/2018	2016/2017	2015/2016	2014/2015	2013/2014	2012/2013	2011/2012	2010/2011	2009/2010	2008/2009	2007/2008	2006/2007	2005/2006	2004/2005	2003/2004	2002/2003	2001/2002	2000/2001	1999/2000	1998/1999	1997/1998	1996/1997	1995/1996	1994/1995	1993/1994	1992/1993	1991/1992	1990/1991	1989/1990	1988/1989	1987/1988	1986/1987	1985/1986	1984/1985	1983/1984	1982/1983	1981/1982	1980/1981	1979/1980	1978/1979	1977/1978	1976/1977	1975/1976	1974/1975	1973/1974	1972/1973	1971/1972	1970/1971	1969/1970	1968/1969	1967/1968	1966/1967	1965/1966	1964/1965	1963/1964	1962/1963	1961/1962	1960/1961	1959/1960	1958/1959	1957/1958	1956/1957	1955/1956	1954/1955	1953/1954	1952/1953	1951/1952	1950/1951	1949/1950	1948/1949	1947/1948	1946/1947	1945/1946	1944/1945	1943/1944	1942/1943	1941/1942	1940/1941	1939/1940	1938/1939	1937/1938	1936/1937	1935/1936	1934/1935	1933/1934	1932/1933	1931/1932	1930/1931	1929/1930	1928/1929	1927/1928	1926/1927	1925/1926	1924/1925	1923/1924	1922/1923	1921/1922	1920/1921	1919/1920	1918/1919	1917/1918	1916/1917	1915/1916	1914/1915	1913/1914	1912/1913	1911/1912	1910/1911	1909/1910	1908/1909	1907/1908	1906/1907	1905/1906	1904/1905	1903/1904	1902/1903	1901/1902	1900/1901	1899/1900	1898/1899	1897/1898	1896/1897	1895/1896	1894/1895	1893/1894	1892/1893	1891/1892	1890/1891	1889/1890	1888/1889	1887/1888	1886/1887	1885/1886	1884/1885	1883/1884	1882/1883	1881/1882	1880/1881	1879/1880	1878/1879	1877/1878	1876/1877	1875/1876	1874/1875	1873/1874	1872/1873	1871/1872	1870/1871	1869/1870	1868/1869	1867/1868	1866/1867	1865/1866	1864/1865	1863/1864	1862/1863	1861/1862	1860/1861	1859/1860	1858/1859	1857/1858	1856/1857	1855/1856	1854/1855	1853/1854	1852/1853	1851/1852	1850/1851	1849/1850	1848/1849	1847/1848	1846/1847	1845/1846	1844/1845	1843/1844	1842/1843	1841/1842	1840/1841	1839/1840	1838/1839	1837/1838	1836/1837	1835/1836	1834/1835	1833/1834	1832/1833	1831/1832	1830/1831	1829/1830	1828/1829	1827/1828	1826/1827	1825/1826	1824/1825	1823/1824	1822/1823	1821/1822	1820/1821	1819/1820	1818/1819	1817/1818	1816/1817	1815/1816	1814/1815	1813/1814	1812/1813	1811/1812	1810/1811	1809/1810	1808/1809	1807/1808	1806/1807	1805/1806	1804/1805	1803/1804	1802/1803	1801/1802	1800/1801	1799/1800	1798/1799	1797/1798	1796/1797	1795/1796	1794/1795	1793/1794	1792/1793	1791/1792	1790/1791	1789/1790	1788/1789	1787/1788	1786/1787	1785/1786	1784/1785	1783/1784	1782/1783	1781/1782	1780/1781	1779/1780	1778/1779	1777/1778	1776/1777	1775/1776	1774/1775	1773/1774	1772/1773	1771/1772	1770/1771	1769/1770	1768/1769	1767/1768	1766/1767	1765/1766	1764/1765	1763/1764	1762/1763	1761/1762	1760/1761	1759/1760	1758/1759	1757/1758	1756/1757	1755/1756	1754/1755	1753/1754	1752/1753	1751/1752	1750/1751	1749/1750	1748/1749	1747/
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NC452 Ga-Segonyana - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>										
<b>Revenue by Vote</b>	1									
Vote 1 - EXECUTIVE & COUNCIL		-	-	-	-	-	-	6,300	6,659	7,032
Vote 2 - FINANCE AND ADMINISTRATION		-	-	-	-	-	-	52,549	55,544	58,655
Vote 3 - COMMUNITY AND SOCIAL SERVICES		-	-	-	-	-	-	5,321	20,143	13,580
Vote 4 - SPORTS & RECREATION		-	-	-	-	-	-	1,532	1,619	8,710
Vote 5 - PUBLIC SAFETY		-	-	-	-	-	-	70	74	78
Vote 6 - PLANNING AND DEVELOPMENT		-	-	-	-	-	-	16,448	17,743	18,569
Vote 7 - ROAD TRANSPORT		-	-	-	-	-	-	48,796	37,369	41,412
Vote 8 - ENVIRONMENTAL PROTECTION		-	-	-	-	-	-	60	63	67
Vote 9 - ENERGY SOURCES		-	-	-	-	-	-	140,619	146,884	195,465
Vote 10 - WATER MANAGEMENT		-	-	-	-	-	-	89,840	94,092	148,796
Vote 11 - WASTE WATER MANAGEMENT		-	-	-	-	-	-	30,617	75,707	42,259
Vote 12 - WASTE MANAGEMENT		-	-	-	-	-	-	34,050	35,991	38,006
Vote 13 - OTHER		-	-	-	-	-	-	60	63	67
0		-	-	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	-	-	-	-	-	-	426,262	491,953	572,697
<b>Expenditure by Vote to be appropriated</b>	1									
Vote 1 - EXECUTIVE & COUNCIL		-	-	-	-	-	-	13,720	14,502	15,314
Vote 2 - FINANCE AND ADMINISTRATION		-	-	-	-	-	-	126,977	134,215	141,731
Vote 3 - COMMUNITY AND SOCIAL SERVICES		-	-	-	-	-	-	9,807	10,366	10,946
Vote 4 - SPORTS & RECREATION		-	-	-	-	-	-	8,726	9,224	9,740
Vote 5 - PUBLIC SAFETY		-	-	-	-	-	-	2,251	2,379	2,512
Vote 6 - PLANNING AND DEVELOPMENT		-	-	-	-	-	-	15,929	16,837	17,780
Vote 7 - ROAD TRANSPORT		-	-	-	-	-	-	20,020	21,162	22,347
Vote 8 - ENVIRONMENTAL PROTECTION		-	-	-	-	-	-	425	449	474
Vote 9 - ENERGY SOURCES		-	-	-	-	-	-	83,862	88,663	93,628
Vote 10 - WATER MANAGEMENT		-	-	-	-	-	-	28,619	30,250	31,944
Vote 11 - WASTE WATER MANAGEMENT		-	-	-	-	-	-	6,282	6,640	7,012
Vote 12 - WASTE MANAGEMENT		-	-	-	-	-	-	13,806	14,593	15,410
Vote 13 - OTHER		-	-	-	-	-	-	55	59	61
0		-	-	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	-	-	-	-	-	-	330,499	349,337	368,900
<b>Surplus/(Deficit) for the year</b>	2	-	-	-	-	-	-	95,764	142,616	203,797

**References**

1. Insert 'Vote'; e.g. department, if different to functional classification structure
2. Must reconcile to Budgeted Financial Performance (revenue and expenditure)
3. Assign share in 'associate' to relevant Vote





NC452 Ga-Segonyana - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)A									
	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028
1	2	3	4	5	6	7	8	9	10
11	12	13	14	15	16	17	18	19	20
21	22	23	24	25	26	27	28	29	30
31	32	33	34	35	36	37	38	39	40
41	42	43	44	45	46	47	48	49	50
51	52	53	54	55	56	57	58	59	60
61	62	63	64	65	66	67	68	69	70
71	72	73	74	75	76	77	78	79	80
81	82	83	84	85	86	87	88	89	90
91	92	93	94	95	96	97	98	99	100
101	102	103	104	105	106	107	108	109	110
111	112	113	114	115	116	117	118	119	120
121	122	123	124	125	126	127	128	129	130
131	132	133	134	135	136	137	138	139	140
141	142	143	144	145	146	147	148	149	150
151	152	153	154	155	156	157	158	159	160
161	162	163	164	165	166	167	168	169	170
171	172	173	174	175	176	177	178	179	180
181	182	183	184	185	186	187	188	189	190
191	192	193	194	195	196	197	198	199	200
201	202	203	204	205	206	207	208	209	210
211	212	213	214	215	216	217	218	219	220
221	222	223	224	225	226	227	228	229	230
231	232	233	234	235	236	237	238	239	240
241	242	243	244	245	246	247	248	249	250
251	252	253	254	255	256	257	258	259	260
261	262	263	264	265	266	267	268	269	270
271	272	273	274	275	276	277	278	279	280
281	282	283	284	285	286	287	288	289	290
291	292	293	294	295	296	297	298	299	300
301	302	303	304	305	306	307	308	309	310
311	312	313	314	315	316	317	318	319	320
321	322	323	324	325	326	327	328	329	330
331	332	333	334	335	336	337	338	339	340
341	342	343	344	345	346	347	348	349	350
351	352	353	354	355	356	357	358	359	360
361	362	363	364	365	366	367	368	369	370
371	372	373	374	375	376	377	378	379	380
381	382	383	384	385	386	387	388	389	390
391	392	393	394	395	396	397	398	399	400
401	402	403	404	405	406	407	408	409	410
411	412								

Vote Description		Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Revenue by Vote</b>											
<b>Vote 1 - EXECUTIVE &amp; COUNCIL</b>											
1.1 - Council			-	-	-	-	-	-	6,300	6,659	7,032
1.2 - Municipal Manager, Town Secretary and Chief Executive									6,000	6,342	6,697
									300	317	335
<b>Vote 2 - FINANCE AND ADMINISTRATION</b>											
2.1 - Administrative and Corporate Support			-	-	-	-	-	-	52,549	55,544	58,855
2.2 - Asset Management									1,590	1,681	1,775
2.3 - Budget and Treasury Office									260	275	290
2.4 - Finance									8,401	8,880	9,377
2.5 - Fleet Management									2,451	2,633	2,780
2.6 - Human Resources											
2.7 - Information Technology									260	275	290
2.8 - Legal Services									60	63	67
2.9 - Marketing, Customer Relations, Publicity and Media Co-ordination									100	106	112
2.10 - Property Services									60	63	67
2.11 - Security Services									39,175	41,408	43,726
2.12 - Supply Chain Management											
									153	162	171
<b>Vote 3 - COMMUNITY AND SOCIAL SERVICES</b>											
3.1 - Cemeteries, Funeral Parlours and Crematoriums			-	-	-	-	-	-	5,321	20,143	13,580
3.2 - Community Halls and Facilities									226	248	262
3.3 - Disaster Management									3,160	8,859	167
3.4 - Libraries and Archives									55	11,058	11,061
									1,871	1,978	2,088
<b>Vote 4 - SPORTS &amp; RECREATION</b>											
4.1 - Community Parks (including Nurseries)			-	-	-	-	-	-	1,532	1,618	8,710
4.2 - Recreational Facilities									220	233	246
4.3 - Sports Grounds and Stadiums									1,212	1,281	1,353
									100	106	7,112
<b>Vote 5 - PUBLIC SAFETY</b>											
5.1 - Fire Fighting and Protection			-	-	-	-	-	-	70	74	78
									70	74	78
<b>Vote 6 - PLANNING AND DEVELOPMENT</b>											
6.1 - Corporate Wide Strategic Planning (ICPs, LEOs)			-	-	-	-	-	-	16,448	17,743	18,959
6.2 - Economic Development/Planning									140	148	155
6.3 - Town Planning, Building Regulations and Enforcement, and City Engineer									2,640	2,790	2,947
6.4 - Project Management Unit									11,168	11,805	12,486
									2,500	3,000	3,000
<b>Vote 7 - ROAD TRANSPORT</b>											
7.1 - Police Forces, Traffic and Street Parking Control			-	-	-	-	-	-	48,796	37,369	41,412
7.2 - Roads									7,636	8,072	8,524
									41,160	29,298	32,888
<b>Vote 8 - ENVIRONMENTAL PROTECTION</b>											
8.1 - Nature Conservation			-	-	-	-	-	-	60	63	67
									60	63	67

NC452 Ga-Segonyana - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)A

NC452 Ga-Segonyana - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)A										
Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Vote 9 - ENERGY SOURCES 9.1 - Electricity		-	-	-	-	-	-	140,619 140,619	148,684 146,884	195,465 195,465
Vote 10 - WATER MANAGEMENT 10.1 - Water Distribution		-	-	-	-	-	-	89,640 89,640	94,662 94,662	148,796 148,796
Vote 11 - WASTE WATER MANAGEMENT 11.1 - Sewerage		-	-	-	-	-	-	30,617 30,617	75,707 75,707	42,259 42,259
Vote 12 - WASTE MANAGEMENT 12.1 - Solid Waste Removal		-	-	-	-	-	-	34,050 34,050	35,991 35,991	38,006 38,006
Vote 13 - OTHER 13.1 - Air Transport		-	-	-	-	-	-	60 60	63 63	67 67
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	-	-	-	-	-	-	426,262	491,953	572,697

NC452 Ga-Segonyana - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)A

2016/17 Budgeted Financial Performance (revenue and expenditure by municipal vote)A										
Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Expenditure by Vote</b>										
<b>Vote 1 - EXECUTIVE &amp; COUNCIL</b>	1	-	-	-	-	-	-	-	-	-
1.1 - Council		-	-	-	-	-	-	13,720	14,582	15,314
1.2 - Municipal Manager, Town Secretary and Chief Executive		-	-	-	-	-	-	11,338	11,984	12,656
		-	-	-	-	-	-	2,382	2,518	2,659
<b>Vote 2 - FINANCE AND ADMINISTRATION</b>		-	-	-	-	-	-	-	-	-
2.1 - Administrative and Corporate Support		-	-	-	-	-	-	128,977	134,215	141,731
2.2 - Asset Management		-	-	-	-	-	-	19,675	20,797	21,902
2.3 - Budget and Treasury Office		-	-	-	-	-	-	39,159	41,391	43,709
2.4 - Finance		-	-	-	-	-	-	21,471	22,694	23,905
2.5 - Fleet Management		-	-	-	-	-	-	7,560	7,991	8,430
2.6 - Human Resources		-	-	-	-	-	-	11,103	11,736	12,384
2.7 - Information Technology		-	-	-	-	-	-	6,032	7,222	7,626
2.8 - Legal Services		-	-	-	-	-	-	2,730	2,886	3,048
2.9 - Marketing, Customer Relations, Publicity and Media Co-ordination		-	-	-	-	-	-	4,303	4,549	4,804
2.10 - Property Services		-	-	-	-	-	-	1,020	1,087	1,147
2.11 - Security Services		-	-	-	-	-	-	2,766	2,924	3,088
2.12 - Supply Chain Management		-	-	-	-	-	-	6,287	6,646	7,018
<b>Vote 3 - COMMUNITY AND SOCIAL SERVICES</b>		-	-	-	-	-	-	4,061	4,292	4,533
3.1 - Cemeteries, Funeral Parlours and Crematoriums		-	-	-	-	-	-	9,807	10,368	10,946
3.2 - Community Halls and Facilities		-	-	-	-	-	-	1,725	1,823	1,926
3.3 - Disaster Management		-	-	-	-	-	-	390	412	435
3.4 - Libraries and Archives		-	-	-	-	-	-	821	868	917
		-	-	-	-	-	-	6,870	7,262	7,688
<b>Vote 4 - SPORTS &amp; RECREATION</b>		-	-	-	-	-	-	-	-	-
4.1 - Community Parks (including Nurseries)		-	-	-	-	-	-	8,728	9,224	9,740
4.2 - Recreational Facilities		-	-	-	-	-	-	5,571	5,888	6,210
4.3 - Sports Grounds and Stadiums		-	-	-	-	-	-	2,856	2,807	2,964
		-	-	-	-	-	-	500	529	558
<b>Vote 5 - PUBLIC SAFETY</b>		-	-	-	-	-	-	-	-	-
5.1 - Fire Fighting and Protection		-	-	-	-	-	-	2,251	2,379	2,512
		-	-	-	-	-	-	2,251	2,379	2,512
<b>Vote 6 - PLANNING AND DEVELOPMENT</b>		-	-	-	-	-	-	-	-	-
6.1 - Corporate Wide Strategic Planning (IDPs, LEDIs)		-	-	-	-	-	-	15,929	16,837	17,780
6.2 - Economic Development/Planning		-	-	-	-	-	-	3,152	3,332	3,518
6.3 - Town Planning, Building Regulations and Enforcement, and City Engineer		-	-	-	-	-	-	6,281	6,639	7,011
6.4 - Project Management Unit		-	-	-	-	-	-	6,496	6,896	7,251
		-	-	-	-	-	-	-	-	-
<b>Vote 7 - ROAD TRANSPORT</b>		-	-	-	-	-	-	-	-	-
7.1 - Police Forces, Traffic and Street Parking Control		-	-	-	-	-	-	20,020	21,162	22,347
7.2 - Roads		-	-	-	-	-	-	13,562	14,747	15,573
		-	-	-	-	-	-	6,089	6,415	6,774
<b>Vote 8 - ENVIRONMENTAL PROTECTION</b>		-	-	-	-	-	-	-	-	-
8.1 - Nature Conservation		-	-	-	-	-	-	425	449	474
		-	-	-	-	-	-	425	449	474

NC452 Ga-Segonyana - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)A

Vote Description R thousand	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Vote 9 - ENERGY SOURCES 9.1 - Electricity		-	-	-	-	-	-	83,882 83,882	88,653 88,653	93,828 93,828
Vote 10 - WATER MANAGEMENT 10.1 - Water Distribution		-	-	-	-	-	-	28,619 28,619	30,250 30,250	31,944 31,944
Vote 11 - WASTE WATER MANAGEMENT 11.1 - Sewerage		-	-	-	-	-	-	6,282 6,282	6,640 6,640	7,012 7,012
Vote 12 - WASTE MANAGEMENT 12.1 - Solid Waste Removal		-	-	-	-	-	-	13,806 13,806	14,593 14,593	15,410 15,410
Vote 13 - OTHER 13.1 - Air Transport		-	-	-	-	-	-	55 55	58 58	61 61
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	-	-	-	-	-	-	330,489	349,337	368,900
Surplus/(Deficit) for the year	2	-	-	-	-	-	-	95,764	142,616	203,797

References

1. Insert 'Vote'; e.g. Department, if different to Functional structure
2. Must reconcile to Financial Performance (Revenue and Expenditure by Functional Classification) and Revenue and Expenditure
3. Assign share in 'associate' to relevant Vote

NC452 Ga-Segonyana - Table A4 Budgeted Financial Performance (revenue and expenditure)

Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source											
Property rates	2	-	-	-	-	-	-	-	39,075	41,302	43,615
Service charges - electricity revenue	2	-	-	-	-	-	-	-	90,281	95,427	100,771
Service charges - water revenue	2	-	-	-	-	-	-	-	18,602	19,691	20,821
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	12,322	13,053	13,812
Service charges - refuse revenue	2	-	-	-	-	-	-	-	9,050	9,594	10,160
Service charges - other											
Rental of facilities and equipment											
Interest earned - external investments									2,205	2,331	2,461
Interest earned - outstanding debtors									1,100	1,163	1,228
Dividends received									6,200	6,553	6,920
Fines, penalties and forfeits											
Licences and permits											
Agency services									1,285	1,358	1,434
Transfers and subsidies									4,261	4,504	4,756
Other revenue	2	-	-	-	-	-	-	-			
Gains on disposal of PPE									134,546	145,842	156,588
Total Revenue (excluding capital transfers and contributions)		-	-	-	-	-	-	-	13,125	13,873	14,650
Expenditure By Type											
Employee related costs	2	-	-	-	-	-	-	-	332,051	354,691	377,216
Remuneration of councillors											
Debt impairment	3	-	-	-	-	-	-	-	111,675	118,041	124,551
Depreciation & asset impairment	2	-	-	-	-	-	-	-	8,458	8,940	9,440
Finance charges									537	568	599
Bulk purchases	2	-	-	-	-	-	-	-	36,201	38,265	40,408
Other materials	8	-	-	-	-	-	-	-	2,813	2,974	3,140
Contracted services									74,787	79,050	83,477
Transfers and subsidies									7,238	7,651	8,079
Other expenditure	4, 5	-	-	-	-	-	-	-	37,440	39,574	41,790
Loss on disposal of PPE											
Total Expenditure		-	-	-	-	-	-	-	51,349	54,276	57,316
Surplus(Deficit)											
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		-	-	-	-	-	-	-	330,499	349,337	368,900
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental)									1,553	5,354	8,316
Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	-	-	-	-	-	-	-	94,211	137,262	195,481
Transfers and subsidies - capital (in-kind - all)											
Surplus(Deficit) after capital transfers & contributions		-	-	-	-	-	-	-			
Taxation									95,764	142,616	203,797
Surplus(Deficit) after taxation		-	-	-	-	-	-	-			
Attributable to minorities									95,764	142,616	203,797
Surplus(Deficit) attributable to municipality		-	-	-	-	-	-	-			
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	95,764	142,616	203,797
Surplus(Deficit) for the year		-	-	-	-	-	-	-			
References											
1. Classifications are revenue sources and expenditure types											

**References**

1. Classifications are revenue sources and expenditure type
2. Detail to be provided in Table SA1
3. Previously described as 'bad or doubtful debts' - amounts shown should reflect the change in the provision for debt impairment
4. Expenditure type components previously shown under repairs and maintenance should be allocated back to the originating expenditure group/item; e.g. employee costs
5. Repairs & maintenance detailed in Table A9 and Table SA34c
6. Contributions are funds provided by external organisations to assist with infrastructure development; e.g. developer contributions (detail to be provided in Table SA1)
7. Equity method (Includes Joint Ventures)



NC452 Ga-Segonyana - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>	<b>1</b>										
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	<b>2</b>										
Vote 1 - EXECUTIVE & COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - FINANCE AND ADMINISTRATION		-	-	-	-	-	-	-	-	-	-
Vote 3 - COMMUNITY AND SOCIAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 4 - SPORTS & RECREATION		-	-	-	-	-	-	-	-	-	-
Vote 5 - PUBLIC SAFETY		-	-	-	-	-	-	-	-	-	-
Vote 6 - PLANNING AND DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Vote 7 - ROAD TRANSPORT		-	-	-	-	-	-	-	-	-	-
Vote 8 - ENVIRONMENTAL PROTECTION		-	-	-	-	-	-	-	-	-	-
Vote 9 - ENERGY SOURCES		-	-	-	-	-	-	-	-	-	-
Vote 10 - WATER MANAGEMENT		-	-	-	-	-	-	-	-	-	-
Vote 11 - WASTE WATER MANAGEMENT		-	-	-	-	-	-	-	-	-	-
Vote 12 - WASTE MANAGEMENT		-	-	-	-	-	-	-	-	-	-
Vote 13 - OTHER		-	-	-	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	<b>7</b>	-	-	-	-	-	-	-	-	-	-
<b>Single-year expenditure to be appropriated</b>	<b>2</b>										
Vote 1 - EXECUTIVE & COUNCIL		-	-	-	-	-	-	-	435	-	-
Vote 2 - FINANCE AND ADMINISTRATION		-	-	-	-	-	-	-	3,010	6,700	-
Vote 3 - COMMUNITY AND SOCIAL SERVICES		-	-	-	-	-	-	-	240	-	7,000
Vote 4 - SPORTS & RECREATION		-	-	-	-	-	-	-	-	11,000	11,000
Vote 5 - PUBLIC SAFETY		-	-	-	-	-	-	-	2,500	3,000	3,000
Vote 6 - PLANNING AND DEVELOPMENT		-	-	-	-	-	-	-	40,160	29,341	30,863
Vote 7 - ROAD TRANSPORT		-	-	-	-	-	-	-	-	-	-
Vote 8 - ENVIRONMENTAL PROTECTION		-	-	-	-	-	-	-	5,370	-	40,000
Vote 9 - ENERGY SOURCES		-	-	-	-	-	-	-	35,310	35,704	86,904
Vote 10 - WATER MANAGEMENT		-	-	-	-	-	-	-	8,231	51,517	16,714
Vote 11 - WASTE WATER MANAGEMENT		-	-	-	-	-	-	-	-	-	-
Vote 12 - WASTE MANAGEMENT		-	-	-	-	-	-	-	-	-	-
Vote 13 - OTHER		-	-	-	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		-	-	-	-	-	-	-	95,256	137,262	195,481
<b>Total Capital Expenditure - Vote</b>		-	-	-	-	-	-	-	95,256	137,262	195,481
<b>Capital Expenditure - Functional</b>											
<b>Governance and administration</b>		-	-	-	-	-	-	-	435	-	-
Executive and council		-	-	-	-	-	-	-	-	-	-
Finance and administration		-	-	-	-	-	-	-	435	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		-	-	-	-	-	-	-	3,250	17,700	18,000
Community and social services		-	-	-	-	-	-	-	3,010	6,700	-
Sport and recreation		-	-	-	-	-	-	-	240	-	7,000
Public safety		-	-	-	-	-	-	-	-	11,000	11,000
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		-	-	-	-	-	-	-	42,660	32,341	33,863
Planning and development		-	-	-	-	-	-	-	2,500	3,000	3,000
Road transport		-	-	-	-	-	-	-	40,160	29,341	30,863
Environmental protection		-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		-	-	-	-	-	-	-	48,941	87,221	143,618
Energy sources		-	-	-	-	-	-	-	5,370	-	40,000
Water management		-	-	-	-	-	-	-	35,310	35,704	86,904
Waste water management		-	-	-	-	-	-	-	8,231	51,517	16,714
Waste management		-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional</b>	<b>3</b>	-	-	-	-	-	-	-	95,256	137,262	195,481
<b>Funded by:</b>											
National Government		-	-	-	-	-	-	-	94,211	137,262	195,481
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	-	-	-	-	-	-	-	94,211	137,262	195,481
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	1,045	-	-
Internally generated funds		-	-	-	-	-	-	-	-	-	-
<b>Total Capital Funding</b>	<b>7</b>	-	-	-	-	-	-	-	95,256	137,262	195,481

**References**

1. Municipalities may choose to appropriate for capital expenditure for three years or for one year (if one year appropriation projected expenditure required for yr2 and yr3).
2. Include capital component of PPP unitary payment. Note that capital transfers are only appropriated to municipalities for the budget year.
3. Capital expenditure by functional classification must reconcile to the appropriations by vote.
4. Must reconcile to supporting table SA20 and to Budgeted Financial Performance (revenue and expenditure).
5. Must reconcile to Budgeted Financial Performance (revenue and expenditure).
6. Include finance leases and PPP capital funding component of unitary payment - total borrowings/repayments to reconcile to changes in Table SA17.
7. Total Capital Funding must balance with Total Capital Expenditure.
8. Include any capitalised interest (MTEA section 46) as part of relevant capital budget.



NC452 Ga-Segonyana - Table A6 Budgeted Financial Position

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>											
<b>ASSETS</b>											
<b>Current assets</b>											
Cash											
Call investment deposits	1	-	-	-	-	-	-	-	-	-	-
Consumer debtors	1	-	-	-	-	-	-	-	40,518	43,250	45,672
Other debtors									29,459	31,139	32,882
Current portion of long-term receivables											
Inventory	2								18,040	19,068	20,136
<b>Total current assets</b>		-	-	-	-	-	-	-	88,417	93,456	98,690
<b>Non current assets</b>											
Long-term receivables									49	52	55
Investments											
Investment property									6,951	7,358	7,770
Investment in Associate											
Property, plant and equipment	3	-	-	-	-	-	-	-	1,141,206	1,205,255	1,273,805
Agricultural											
Biological											
Intangible											
Other non-current assets									539	570	602
<b>Total non current assets</b>		-	-	-	-	-	-	-	1,650	1,744	1,842
<b>TOTAL ASSETS</b>		-	-	-	-	-	-	-	1,150,405	1,215,978	1,284,073
<b>LIABILITIES</b>									1,238,822	1,309,435	1,382,763
<b>Current liabilities</b>											
Bank overdraft	1										
Borrowing	4	-	-	-	-	-	-	-	5,948	6,287	6,639
Consumer deposits									3,781	4,004	4,236
Trade and other payables	4	-	-	-	-	-	-	-	18,157	19,192	20,266
Provisions									1,155	1,223	1,294
<b>Total current liabilities</b>		-	-	-	-	-	-	-	29,041	30,706	32,436
<b>Non current liabilities</b>											
Borrowing		-	-	-	-	-	-	-	20,453	14,444	9,636
Provisions		-	-	-	-	-	-	-	530	560	592
<b>Total non current liabilities</b>		-	-	-	-	-	-	-	20,983	15,004	10,228
<b>TOTAL LIABILITIES</b>		-	-	-	-	-	-	-	50,023	45,709	42,663
<b>NET ASSETS</b>	5	-	-	-	-	-	-	-	1,188,799	1,263,725	1,340,100
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated Surplus/(Deficit)									1,188,799	1,263,725	1,340,100
Reserves	4	-	-	-	-	-	-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	5	-	-	-	-	-	-	-	1,188,799	1,263,725	1,340,100

**References**

1. Detail to be provided in Table SA3
2. Include completed low cost housing to be transferred to beneficiaries within 12 months
3. Include 'Construction-work-in-progress' (disclosed separately in annual financial statements)
4. Detail to be provided in Table SA3. Includes reserves to be funded by statute.
5. Net assets must balance with Total Community Wealth/Equity

NC452 Ga-Segonyana - Table A7 Budgeted Cash Flows

NC452 Ga-Segonyana - Table A7 Budgeted Cash Flows											
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates									31,260	33,042	34,892
Service charges									104,204	110,212	116,451
Other revenue									20,876	22,066	23,301
Government - operating	1								134,546	145,842	156,588
Government - capital	1								94,211	137,262	195,481
Interest									7,300	7,716	8,148
Dividends									-	-	-
Payments											
Suppliers and employees									(290,947)	(307,531)	(324,753)
Finance charges									(2,813)	(2,974)	(3,140)
Transfers and Grants	1								-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		-	-	-	-	-	-	-	98,636	145,635	206,969
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE									-	-	-
Decrease (Increase) in non-current debtors									-	-	-
Decrease (Increase) other non-current receivables									-	-	-
Decrease (Increase) in non-current investments									-	-	-
Payments											
Capital assets									(95,256)	(137,262)	(195,481)
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	-	-	-	-	-	-	(95,256)	(137,262)	(195,481)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									-	-	-
Borrowing long term/refinancing									-	-	-
Increase (decrease) in consumer deposits									-	-	-
Payments											
Repayment of borrowing									(4,790)	(4,790)	(4,790)
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	(4,790)	(4,790)	(4,790)
NET INCREASE/ (DECREASE) IN CASH HELD		-	-	-	-	-	-	-	(1,410)	3,583	6,698
Cash/cash equivalents at the year begin:	2								1,586	176	3,759
Cash/cash equivalents at the year end:	2	-	-	-	-	-	-	-	176	3,759	10,457

**References**

1. Local/District municipalities to include transfers from/to District/Local Municipalities
2. Cash equivalents includes investments with maturities of 3 months or less

NC452 Ga-Segonyana - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>											
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	-	-	-	-	-	-	-	176	3,759	10,4
Other current investments > 90 days		-	-	-	-	-	-	-	(176)	(3,759)	(10,4)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		-	-	-	-	-	-	-	-	-	-
<b>Application of cash and investments</b>											
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	-	-	-	-	-	-	-	2,600	3,821	1,8
Other provisions		-	-	-	-	-	-	-	(37,903)	(40,063)	(42,5)
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
<b>Total Application of cash and investments:</b>		-	-	-	-	-	-	-	-	-	-
<b>Surplus(shortfall)</b>		-	-	-	-	-	-	-	(35,303)	(36,442)	(40,4)
<b>References</b>									35,303	36,442	40,4

1. Must reconcile with Budgeted Cash Flows

2. For example: VAT, taxation

3. Council approval for policy required - include sufficient working capital (e.g. allowing for a % of current debtors > 90 days as uncollectable)

4. For example: sinking fund requirements for borrowing

5. Council approval required for each reserve created and basis of cash backing of reserves

## NC452 Ga-Segonyana - Table A9 Asset Management

Description		Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
CAPITAL EXPENDITURE											
Total New Assets											
	Roads Infrastructure	1	-	-	-	-	-	-	95,258	137,262	195,481
	Storm water Infrastructure		-	-	-	-	-	-	40,160	29,341	30,863
	Electrical Infrastructure		-	-	-	-	-	-	-	-	-
	Water Supply Infrastructure		-	-	-	-	-	-	5,000	-	40,000
	Sanitation Infrastructure		-	-	-	-	-	-	35,310	35,704	85,904
	Solid Waste Infrastructure		-	-	-	-	-	-	8,231	51,517	16,714
	Rail Infrastructure		-	-	-	-	-	-	-	-	-
	Coastal Infrastructure		-	-	-	-	-	-	-	-	-
	Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure											
	Community Facilities		-	-	-	-	-	-	88,701	116,562	174,481
	Sport and Recreation Facilities		-	-	-	-	-	-	3,010	17,700	11,000
Community Assets											
	Heritage Assets		-	-	-	-	-	-	3,010	17,700	18,000
	Revenue Generating		-	-	-	-	-	-	-	-	-
	Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties											
	Operational Buildings		-	-	-	-	-	-	-	-	-
	Housing		-	-	-	-	-	-	-	-	-
Other Assets											
Biological or Cultivated Assets											
	Servitudes		-	-	-	-	-	-	-	-	-
	Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets											
	Computer Equipment		-	-	-	-	-	-	315	-	-
	Furniture and Office Equipment		-	-	-	-	-	-	2,620	3,000	3,000
	Machinery and Equipment		-	-	-	-	-	-	610	-	-
Transport Assets											
	Libraries		-	-	-	-	-	-	-	-	-
	Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets											
	Roads Infrastructure	2	-	-	-	-	-	-	-	-	-
	Storm water Infrastructure		-	-	-	-	-	-	-	-	-
	Electrical Infrastructure		-	-	-	-	-	-	-	-	-
	Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
	Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
	Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
	Rail Infrastructure		-	-	-	-	-	-	-	-	-
	Coastal Infrastructure		-	-	-	-	-	-	-	-	-
	Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure											
	Community Facilities		-	-	-	-	-	-	-	-	-
	Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets											
	Heritage Assets		-	-	-	-	-	-	-	-	-
	Revenue Generating		-	-	-	-	-	-	-	-	-
	Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties											
	Operational Buildings		-	-	-	-	-	-	-	-	-
	Housing		-	-	-	-	-	-	-	-	-
Other Assets											
Biological or Cultivated Assets											
	Servitudes		-	-	-	-	-	-	-	-	-
	Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets											
	Computer Equipment		-	-	-	-	-	-	-	-	-
	Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
	Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets											
	Libraries		-	-	-	-	-	-	-	-	-
	Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Upgrading of Existing Assets											
	Roads Infrastructure	6	-	-	-	-	-	-	-	-	-
	Storm water Infrastructure		-	-	-	-	-	-	-	-	-
	Electrical Infrastructure		-	-	-	-	-	-	-	-	-
	Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
	Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
	Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
	Rail Infrastructure		-	-	-	-	-	-	-	-	-
	Coastal Infrastructure		-	-	-	-	-	-	-	-	-
	Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure											
	Community Facilities		-	-	-	-	-	-	-	-	-
	Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets											
	Heritage Assets		-	-	-	-	-	-	-	-	-
	Revenue Generating		-	-	-	-	-	-	-	-	-





Electrical Infrastructure	-	-	-	-	-	-	2,400	2,537	2,679
Water Supply Infrastructure	-	-	-	-	-	-	23,820	25,178	26,588
Sanitation Infrastructure	-	-	-	-	-	-	2,300	2,431	2,567
Solid Waste Infrastructure	-	-	-	-	-	-	3,922	4,146	4,378
Rail Infrastructure	-	-	-	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>	-	-	-	-	-	-	<b>33,442</b>	<b>35,348</b>	<b>37,328</b>
Community Facilities	-	-	-	-	-	-	73	77	81
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-
<b>Community Assets</b>	-	-	-	-	-	-	<b>73</b>	<b>77</b>	<b>81</b>
<b>Heritage Assets</b>	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
<b>Investment properties</b>	-	-	-	-	-	-	-	-	-
Operational Buildings	-	-	-	-	-	-	1,020	1,078	1,139
Housing	-	-	-	-	-	-	-	-	-
<b>Other Assets</b>	-	-	-	-	-	-	<b>1,020</b>	<b>1,078</b>	<b>1,139</b>
<b>Biological or Cultivated Assets</b>	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	350	370	391
Furniture and Office Equipment	-	-	-	-	-	-	180	190	201
Machinery and Equipment	-	-	-	-	-	-	515	544	575
Transport Assets	-	-	-	-	-	-	1,200	1,268	1,339
Libraries	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURE OTHER ITEMS</b>	-	-	-	-	-	-	<b>72,981</b>	<b>77,141</b>	<b>81,461</b>
<i>Renewal and upgrading of Existing Assets as % of total capex</i>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>R&amp;M as a % of PPE</i>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.2%	3.2%	3.2%
<i>Renewal and upgrading and R&amp;M as a % of PPE</i>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.0%	3.0%	3.0%

References:

1. Detail of new assets provided in Table SA34a
2. Detail of renewal of existing assets provided in Table SA34b
3. Detail of Repairs and Maintenance by Asset Class provided in Table SA34c
4. Must reconcile to total capital expenditure on Budgeted Capital Expenditure
5. Must reconcile to 'Budgeted Financial Position' (written down value)
6. Detail of upgrading of existing assets provided in Table SA34e
7. Detail of depreciation provided in Table SA34d



NC452 Ga-Segonyana - Table A10 Basic service delivery measurement

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Household service targets</b>										
<b>Water:</b>	1									
Piped water inside dwelling		-	-	-	-	-	-	5,567	5,905	6,236
Piped water inside yard (but not in dwelling)		-	-	-	-	-	-	4,516	4,773	5,041
Using public tap (at least min.service level)	2	-	-	-	-	-	-	6,570	9,481	10,012
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<b>Minimum Service Level and Above sub-total</b>								19,073	20,160	21,289
Using public tap (< min.service level)	3	-	-	-	-	-	-	6,482	6,851	7,235
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<b>Below Minimum Service Level sub-total</b>								6,482	6,851	7,235
<b>Total number of households</b>	5	-	-	-	-	-	-	25,555	27,012	28,524
<b>Sanitation/sewage:</b>										
Flush toilet (connected to sewerage)		-	-	-	-	-	-	4,152	4,389	4,634
Flush toilet (with septic tank)		-	-	-	-	-	-	702	742	784
Chemical toilet		-	-	-	-	-	-	282	298	315
Pit toilet (ventilated)		-	-	-	-	-	-	3,488	3,687	3,893
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<b>Minimum Service Level and Above sub-total</b>								8,624	9,116	9,626
Bucket toilet		-	-	-	-	-	-	428	452	478
Other toilet provisions (< min.service level)		-	-	-	-	-	-	630	666	703
No toilet provisions		-	-	-	-	-	-	2,660	2,812	2,969
<b>Below Minimum Service Level sub-total</b>								3,716	3,930	4,150
<b>Total number of households</b>	5	-	-	-	-	-	-	12,342	13,045	13,776
<b>Energy:</b>										
Electricity (at least min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (min.service level)		-	-	-	-	-	-	-	-	-
<b>Minimum Service Level and Above sub-total</b>								-	-	-
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min.service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<b>Below Minimum Service Level sub-total</b>								-	-	-
<b>Total number of households</b>	6	-	-	-	-	-	-	-	-	-
<b>Refuse:</b>										
Removed at least once a week		-	-	-	-	-	-	5,072	5,381	5,661
<b>Minimum Service Level and Above sub-total</b>								5,072	5,381	5,661
Removed less frequently than once a week		-	-	-	-	-	-	113	119	126
Using communal refuse dump		-	-	-	-	-	-	1,114	1,177	1,243
Using own refuse dump		-	-	-	-	-	-	14,365	15,184	16,034
Other rubbish disposal		-	-	-	-	-	-	1,963	2,075	2,191
No rubbish disposal		-	-	-	-	-	-	1,200	1,268	1,339
<b>Below Minimum Service Level sub-total</b>								18,755	19,824	20,934
<b>Total number of households</b>	5	-	-	-	-	-	-	23,827	25,185	26,596
<b>Households receiving Free Basic Service</b>	7									
Water (6 kilolitre per household per month)		-	-	-	-	-	-	3,421	3,600	3,652
Sanitation (free minimum level service)		-	-	-	-	-	-	3,421	3,600	3,652
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	3,421	3,600	3,652
Refuse (removed at least once a week)		-	-	-	-	-	-	3,421	3,600	3,652
<b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>	8									
Water (6 kilolitre per indigent household per month)		-	-	-	-	-	-	500	500	500
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	500	500	500
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	-	2,247	2,375	2,508
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	500	500	500
<b>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</b>										
<b>Total cost of FBS provided</b>								3,747	3,875	4,008
<b>Highest level of free service provided per household</b>										
Property rates (R value threshold)		-	-	-	-	-	-	15,000	15,000	15,000
Water (kilolitre per household per month)		-	-	-	-	-	-	6	6	6
Sanitation (kilolitre per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (Rand per household per month)		-	-	-	-	-	-	-	-	-
Electricity (kwh per household per month)		-	-	-	-	-	-	50	50	50
Refuse (average three per week)		-	-	-	-	-	-	-	-	-
<b>Revenue cost of subsidised services provided (R'000)</b>	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)		-	-	-	-	-	-	41,400	43,780	45,210
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		-	-	-	-	-	-	2,325	2,458	2,568
Water (in excess of 6 kilolitre per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-
Housing - top structure subsidies		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Total revenue cost of subsidised services provided</b>	6	-	-	-	-	-	-	43,725	46,238	48,806

**References**

1. Includes services provided by another entity, e.g. Eskom
2. Stand distance <= 200m from dwelling
3. Stand distance > 200m from dwelling
4. Borehole, spring, rain-water tank etc.
5. Must agree to total number of households in municipal area (informal settlements receiving services must be included)
6. Includes value of subsidy provided by municipality above provincial subsidy level
7. Show number of households receiving at least these levels of services completely free (informal settlements must be included)
8. Must reflect the cost to the municipality of providing the Free Basic Service

NC452 Ga-Segonyana - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>REVENUE ITEMS</b>											
<b>Properties rates</b>	6										
Total Property Rates									41,430	43,703	45,210
Less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 37 of MPRA)									2,365	2,458	2,508
Net Property Rates									39,065	41,245	42,702
<b>Service charges - electricity revenue</b>	6										
Total Service charges - electricity revenue									82,528	97,902	103,279
Less Revenue Foregone (in excess of 50 kwh per indigent household per month)											
Less Cost of Free Basic Services (50 kwh per indigent household per month)									2,247	2,375	2,500
Net Service charges - electricity revenue									80,281	95,527	100,779
<b>Service charges - water revenue</b>	6										
Total Service charges - water revenue									19,102	20,191	21,321
Less Revenue Foregone (in excess of 6 litres per indigent household per month)											
Less Cost of Free Basic Services (6 litres per indigent household per month)									500	500	500
Net Service charges - water revenue									18,602	19,691	20,821
<b>Service charges - sanitation revenue</b>											
Total Service charges - sanitation revenue									12,823	13,553	14,312
Less Revenue Foregone (in excess of free sanitation service to indigent households)											
Less Cost of Free Basic Services (free sanitation service to indigent households)									500	500	500
Net Service charges - sanitation revenue									12,323	13,053	13,812
<b>Service charges - refuse revenue</b>	6										
Total refuse removal revenue									9,550	10,294	10,880
Total landfill revenue											
Less Revenue Foregone (in excess of one removal a week to indigent households)											
Less Cost of Free Basic Services (removed once a week to indigent households)									500	500	500
Net Service charges - refuse revenue									9,050	9,794	10,380
<b>Other Revenue &amp; Receipts</b>											
Park Levy									10,000	10,570	11,162
Sale of Goods									503	540	616
Building Plan Fees									200	211	223
SETA									212	224	237
Entrance Fees											
Other Revenue	3								2,151	2,294	2,412
Total 'Other' Revenue	1								12,125	13,879	14,590
<b>EXPENDITURE ITEMS</b>											
<b>Employee related costs</b>	2										
Basic Salaries and Wages									81,681	88,376	91,150
Pension and UIF Contributions									11,511	12,107	12,658
Medical Aid Contributions									4,820	5,095	5,380
Overtime									3,574	3,498	3,680
Performance Bonus											
Motor Vehicle Allowance									3,605	3,197	3,370
Cellphone Allowance									481	481	514
Housing Allowance									3,061	3,235	3,410
Other benefits and allowances									3,667	3,670	4,033
Payments in lieu of leave											
Long service awards									151	281	213
Post-retirement and other obligations	4										
Less: Employee costs capitalised by EPE	sub-total								111,675	118,941	124,651
Total Employee related costs	1								111,675	118,941	124,651
<b>Contributions recognised - capital</b>											
Listed & Unlisted by contract											
Total Contributions recognised - capital											
<b>Depreciation &amp; asset impairment</b>											
Depreciation of Property, Plant & Equipment									36,721	38,265	40,468
Lease intangible											
Capital asset impairment											
Depreciation resulting from revaluation of PPE	10										
Total Depreciation & asset impairment	1								36,721	38,265	40,468
<b>Bulk purchases</b>											
Electricity Bulk Purchases									74,797	79,092	83,477
Water Bulk Purchases											
Total bulk purchases	1								74,797	79,092	83,477
<b>Transfers and grants</b>											
Grant transfers and grants											
Non-cash transfers and grants											
Total transfers and grants	1										
<b>Contracted services</b>											
Mini dumping site									3,922	4,146	4,378
Water Takers									23,200	24,149	25,000
Traffic Police Management									1,600	1,900	2,000
Driver licence cards									518	530	550
Security Services									5,760	6,139	6,457
Maintenance of Sewer Pumps									2,300	2,421	2,547

Allocations to organs of state	sub-total	1	-	-	-	-	-	-	-	37,440	38,574	41,790
Electricity												
Water												
Sanitation												
Other												
Total contracted services												
Other Expenditure by Type												
Collection costs										37,440	38,574	41,790
Contributions to other provisions												
Consultants fees												
Audit fees												
General expenses												
Interest Overdue Accounts										8,000	8,456	8,930
Insurance										3,100	3,277	3,460
Legal Costs										5,225	5,517	5,836
Ward Committee Stipends										1,165	1,183	1,229
Assessment Rates Valuation Cost										1,000	1,057	1,116
Physical Planning										3,000	3,171	3,340
Employment and Councilors Traveling Costs										1,680	1,776	1,875
Skills Development Levy										2,600	2,114	2,212
Disaster Contingency Fund										2,500	2,543	2,790
Organisation of Department										2,640	2,790	2,941
Stock Adjustment										521	974	1,028
Computer Accessories										400	423	446
Subscriptions Fees										300	317	329
Fleet Lease										1,265	1,432	1,512
Office Equipment Lease										350	373	393
Councilors and Employees Training										1,220	1,289	1,361
Conditional Grants Materials										5,800	5,285	5,581
Meyoral Campaigns										2,515	2,722	2,874
Protective Clothing										1,174	1,241	1,311
Bank Charges										2,301	2,484	2,682
Interest and Software Expenses										800	834	870
Fuel										1,038	1,089	1,150
Total Other Expenditure										643	680	718
by Expenditure Item										2,400	2,507	2,679
Employee related costs										51,345	54,276	57,316
Other materials												
Contracted Services												
Other Expenditure												
Total Repairs and Maintenance Expenditure										7,238	7,651	8,079
										29,542	31,225	32,975
check										36,702	38,876	41,054
										36,700	38,876	41,054

#### References

1. Must reconcile with Budgeted Financial Performance (Revenue and Expenditure)
2. Must reconcile to supplying documentation on staff salaries
3. Do not alter categories where revenue or expenditure is of a material nature (at separate items until 'General expenses' is not > 10% of Total Expenditure)
4. Expenditure is mostly 'unlimited obligations'
5. This sub-total must agree with the total on SA72, but excluding councilor and board member fees
6. Include a note for each revenue item that is affected by 'Revenue Foregone'
7. Special consideration may have to be given to including 'goodwill' arising in 'joint venture' budgets where circumstances require this (include separately under relevant codes)



NC452 Ga-Segonyana - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

R thousand	Ref	Description	Vote 1 - EXECUTIVE & COUNCIL	Vote 2 - FINANCE AND ADMINISTRATI ON	Vote 3 - COMMUNITY AND SOCIAL SERVICES	Vote 4 - SPORTS & RECREATION	Vote 5 - PUBLIC SAFETY	Vote 5 - PLANNING AND DEVELOPME NT	Vote 7 - ROAD TRANSPORT	Vote 8 - ENVIRONMENT AL PROTECTION	Vote 9 - ENERGY SOURCES	Vote 10 - WATER MANAGEMENT	Vote 11 - WASTE WATER MANAGEMENT	Vote 12 - WASTE MANAGEMENT	Vote 13 - OTHER	0	0	Total
<b>Revenue By Source</b>																		
	1	Property rates		39,075							90,281	18,602						38,075
		Service charges - electricity revenue																90,281
		Service charges - water revenue																18,602
		Service charges - sanitation revenue																12,322
		Service charges - refuse revenue												9,050				9,050
		Service charges - other																-
		Rental of facilities and equipment			165		1,000	980								60		2,205
		Interest earned - external investments		1,100														1,100
		Interest earned - outstanding debtors		6,200														6,200
		Dividends received																-
		Fines, penalties and forfeits			5													1,285
		Licences and permits		76					1,280									4,281
		Agency services							4,183									-
		Other revenue		731	65		212	10,693	1,173		38	138	64					13,125
		Transfers and subsidies		5,365	2,076	320		2,275	2,000	60	46,300	35,790	10,000	25,000				134,546
		Gains on disposal of PPE																-
		<b>Total Revenue (excluding capital transfers and contribution)</b>	<b>6,300</b>	<b>52,549</b>	<b>2,311</b>	<b>1,532</b>	<b>70</b>	<b>13,548</b>	<b>8,636</b>	<b>60</b>	<b>135,619</b>	<b>54,630</b>	<b>22,386</b>	<b>34,050</b>	<b>60</b>	<b>-</b>	<b>-</b>	<b>332,051</b>
<b>Expenditure By Type</b>																		
		Employee related costs	2,250	43,203	8,507	7,696	2,161	11,016	15,915	138	4,371	2,980	3,755	9,674				111,675
		Remuneration of councillors	8,458															8,458
		Debt impairment																537
		Depreciation & asset impairment		36,201					356			463	59	15				36,201
		Finance charges				109		234			636	1,198	15	11				2,813
		Bulk purchases									74,787							74,787
		Other materials		1,730	150	350	48	410	1,180		2,720	500	50	50				7,238
		Contracted services		5,780					2,118			23,320	2,300	3,922				37,440
		Transfers and subsidies																-
		Other expenditure	3,013	40,063	1,150	572	42	4,269	452	32	1,368	158	93	134				51,349
		Loss on disposal of PPE																-
		<b>Total Expenditure</b>	<b>13,720</b>	<b>126,977</b>	<b>9,807</b>	<b>8,726</b>	<b>2,251</b>	<b>15,929</b>	<b>20,020</b>	<b>425</b>	<b>83,882</b>	<b>28,619</b>	<b>6,282</b>	<b>13,806</b>	<b>55</b>	<b>-</b>	<b>-</b>	<b>330,499</b>
		<b>Surplus/(Deficit)</b>	<b>(7,420)</b>	<b>(74,428)</b>	<b>(7,486)</b>	<b>(7,194)</b>	<b>(2,181)</b>	<b>(1,981)</b>	<b>(11,384)</b>	<b>(365)</b>	<b>51,737</b>	<b>25,911</b>	<b>16,104</b>	<b>20,244</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>1,553</b>
		Transfers and subsidies - capital (monetary allocations)																
		(National / Provincial Departmental Agencies)																
		(National / Provincial and District)			9,710			2,500	33,460		5,000	35,310	8,231					94,211
		Transfers and subsidies - capital (monetary allocations)																
		(National / Provincial Departmental Agencies)																
		Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)																
		Transfers and subsidies - capital (in-kind - all)																
		<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(7,420)</b>	<b>(74,428)</b>	<b>2,215</b>	<b>(7,194)</b>	<b>(2,181)</b>	<b>519</b>	<b>22,076</b>	<b>(365)</b>	<b>56,737</b>	<b>61,221</b>	<b>24,335</b>	<b>20,244</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>95,764</b>

References

1. Departmental columns to be based on municipal organisation structure







NC452 Ga-Segonyana - Supporting Table S44 Reconciliation of IDP strategic objectives and budget (revenue)

NC452 Ga-Segonyana - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)										2017/18 Medium Term Revenue & Expenditure Framework		
Strategic Objective	Goal	Goal Code	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			Budget Year 2017/18	Budget Year 2018/19	Budget Year 2019/20
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast			
R thousand												
KPA 5: Good Governance and Public Participation	Dissemination of information to the communities and stakeholders on daily issues that affect community on the ground as and when needed.									60	63	67
	To continuously engage and provide appropriate service provision to the youth, children, elderly, people living with disabilities, people living with HIV/AIDS and other communicable diseases.									6,300	6,359	7,032
	To continuously curb corrupt behaviour through deterrence, prevention and education									900	906	112
	Constantly support the flow of and access to information through providing information and communication (ICT) support to ICT infrastructure									60	63	67
	To implement the SCM policy									103	102	171
KPA 4: Local Economic Development	To create a platform for economic growth opportunities and job creation through continuous promotion of Ga-Segonyana as ideal investment destination									6,206	6,364	6,014
	To continuously provide support to SMMEs by offering training and assistance in order for them to grow and be viable - To continuously monitor compliance of businesses with Business Act, by laws and policies - To create greater awareness amongst community members, stakeholders about the importance of tourism and the provision based on quarterly basis									140	146	156
	To continuously provide camping space and amenities as well as improved sanitation facilities that are in good condition - To continuously preserve, maintain and collect revenue related to the Kuruman Eye									1,272	1,346	1,422
KPA 3: Financial Viability and Management	To have a complete, reliable, measurable and GRAP compliant fixed asset register									260	275	290
	To compile a timely and realistic budget annually for approval by Council by the end of May each year - To ensure 100% compliance annually to legislatively prescribed financial report requirements -									47,575	50,267	53,103
	To collect 80% of outstanding debt by 2022 - Capex: the debt reduction unit by constantly sending them to refresher courses To increase revenue by 10% p.a									2,461	2,600	2,730
KPA 2: Basic Services and Infrastructure Development	Continuously maintain and upgrade parks and open areas to acceptable environmental standard									220	233	246
	To provide and maintain burial space at all times									236	246	262
	To establish fully functional disaster centre by 2020									56	11,066	11,061
	Provision of basic level of services to 50 households in 2018/19 Financial year (electricity) - Service all existing individual and transformers every 3 years - Replace 100 dysfunctional electrical cabling by 2022									140,619	141,604	150,455
	To establish fully functional fire services by 2020									70	74	76
	Replace the existing fleet by 2018. Seek funding sponsorship from local owners									-	-	-

	Ensure ongoing accessibility to reading and learning material and provide enabling environment for studies (Libraries)								1,871	1,978	2,088
	To continuously ensure that vehicles are road worthy and to regulate vehicle and drivers licenses in an efficient and professional manner - To upgrade 30.85 km main gravel roads to paved standard by 2022								42,096	44,069	45,412
	To continuously maintain municipal buildings within the constraints of the approved municipal budget								9,893	109	167
	Continuously adhering to call outs from customers to empty septic tanks								30,617	75,707	42,294
	To continuously provide professional social services								-	-	-
	Maintenance of parks and sports grounds to an acceptable environmental standard annually								100	106	7,112
	To provide weekly kerbside waste removal services to residential, schools, industrial and commercial sites (3 times a week) in Kuzman town, Wrendaiba and Mnt-Erased								34,050	35,951	38,008
	To supply at least basic water services to all households in the municipal area by 2022 - To supply water to communities with minimum disruption. To provide water that is clean and safe for consumption								89,842	94,092	148,756
	The development of business plans and submission thereof to funds within specified timeframes in order to provide sustainable infrastructure to all communities through - To continuously comply to SP/LUMA								11,168	11,835	12,466
IPA 1: Institutional Transformation and Development	To ensure that there is a healthy and safe workplace by implementing provisions of the Health and Safety Act and policy - To ensure that the best candidates are appointed at all times in line with the recruitment policy - Adherence to the Skills Development Act and related regulations at all times								260	275	290
	To ensure labour peace and productivity by maintaining continuous engagements with staff or organised labour								1,593	1,681	1,775
Allocations to other priorities		2									
Total Revenue (excluding capital transfers and contributions)		1	-	-	-	-	-	-	425,263	491,853	572,697
Balance											

1. Total revenue must reconcile to Table A4 Budgeted Financial Performance (revenue and expenditure)

NC452 Ga-Segonyana - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	
R thousand													
KPA 5: Good Governance and Public Participation	Dissemination of information to the communities and stakeholders on daily issues that affect community on the ground To continuously engage and provide appropriate service provision to the youth, children, elderly, people living with To continuously curb corrupt behaviour through deterrence, prevention and education Continuously support the flow of and access to information through providing information and communication (ICM) support to To implement the SCM policy									60	63	67	
										8,300	8,056	7,017	
										130	130	112	
										61	63	67	
KPA 6: Local Economic Development	To create a platform for economic growth opportunities and job creation through continuous promotion of Ga-Segonyana as To continuously provide support to SMEs by offering training and assistance in order for them to grow and be viable - To To continuously provide camping space and amenities as well as resort and leisure facilities that are in good condition - To To have a complete, reliable, measurable and GRAP compliant fixed asset register									5,200	2,854	3,014	
										143	146	156	
										1,212	1,345	1,420	
KPA 3: Financial Viability and Management	To compile a funded and realistic budget annually for approved by Council by the end of May each year - To ensure 100% To collect 80% of outstanding electricity by 2022 - Capacitate the meter collection unit by continuously sending them to retrieve Continuously maintain and upgrade parks and open spaces to acceptable environmental standard To provide and maintain burial space at all times									250	275	290	
										47,575	60,267	53,163	
										2,491	2,833	2,793	
										229	233	248	
KPA 2: Basic Services and Infrastructure Development	To establish fully functional disaster centre by 2020 Provision of basic level of services to 50 households in 2016/17 financial year (electricity) - Service all existing To establish fully functional fire services by 2020 Replace the existing fleet by 2018. Seek funding/sponsorship from fleet owners. Ensure ongoing accessibility to reading and learning material and provide reading environment for studies (libraries) To continuously ensure that vehicles are road worthy and to register vehicle and driver license as an efficient and To continuously maintain municipal buildings within the constraints of the approved municipal budget Continuously adhering to call outs from customers to empty septic tanks To continuously provide professional security services Maintenance of parks and sports grounds to an acceptable environmental standard annually To provide weekly kerbside waste removal services to residential, schools, industrial and commercial sites 2 times a To supply at least basic water services to all households in the municipal area by 2022 - To supply water to communities with The development of business plans and submission thereof to funds within specified timeframes in order to provide									229	233	248	
										335	248	252	
										65	58	61	
										172,963	146,402	165,473	
										70	74	78	
										11,303	11,736	12,334	
										1,821	1,916	2,066	
										8,035	8,076	11,549	
										153	159	167	
										18,686	65,487	33,641	
KPA 1: Institutional Transformation and Development	To ensure that there is a healthy and safe workforce by implementing provisions of the Health and Safety Act and policy To ensure labour peace and productivity by maintaining continuous engagements with staff or organised labour									-	-	-	
										106	136	112	
										34,050	35,991	38,006	
										54,536	14,092	50,708	
										11,368	1,157	1,748	
Allocations to other priorities											293	275	230
Total Expenditure				1	-	-	-	-	-	-	336,499	349,337	368,900

References:

1. Total expenditure must reconcile to Table A4 Budgeted Financial Performance (revenue and expenditure)

NC432 Ga-Segonyama - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R1 thousand												
KPA 5: Good Governance and Public Participation	Dissemination of information to the communities and stakeholders on daily issues that affect community on the ground To continuously engage and provide appropriate service provision to the youth, children, elderly, people living with To continuously curb corrupt behaviour through sentence, prevention and education  Continuously support the flow of and access to information through providing information and communication ICT support to To implement the SCM policy	A										
KPA 4: Local Economic Development	To create a platform for economic growth opportunities and job creation through continuous provision of Ga-Segonyama as To continuously provide support to SMEs by offering training and assistance in order for them to grow and be viable - To To continuously provide camping space and amenities as well as resort and leisure facilities that are in good condition - To To have a complete, reliable, measurable and GRAP compliant fixed asset register	G								2,500	3,000	3,000
KPA 3: Financial Viability and Management	To compile a funded and realistic budget annually for approval by Council by the end of May each year - To ensure 100% To collect 60% of outstanding debt by 2022 - Capabilities the debt collection unit by constantly sending them to refresher courses Continuously initiate and upgrade parks and open areas to acceptable environmental standard To provide and maintain burial space at all times									300	-	-
KPA 2: Basic Services and Infrastructure Development	To establish fully functional sewer works by 2022									240	-	-
	Provision of basic level of services to 90 households in 2018/19 financial year (electricity) - Service all existing To establish fully functional fire services by 2022									6,370	-	41,500
	Replace the existing fleet by 2018. Book funding sponsorship from fleet owners.									-	-	-
	Ensure ongoing accessibility to reading and learning material and provide reading environment for children (furnished)									42,160	58,041	30,963
	To continuously ensure that vehicles are road worthy and to regulate vehicle and driver fitness in an efficient and									3,010	-	-
	To continuously maintain municipal buildings within the constraints of the approved municipal budget									6,231	51,517	16,714
	Continuously adhering to call outs from customers to empty septic tanks									-	-	-
	To continuously provide professional security services									-	-	7,000
	Maintenance of parks and sports grounds to an acceptable environmental standard annually									-	-	-
	To provide weekly waste removal services to residential, schools, industrial and commercial sites (7 times a week) To supply at least basic water services to all households in the municipal area by 2022 - To supply water to communities with The development of business plans and submission thereof to tender within specified timeframe in order to provide sustainable To ensure that there is a healthy and safe workforce by implementing provisions of the Health and Safety Act and policy - To ensure labour peace and productivity by maintaining constructive engagements with staff or organized labour									45	-	-
KPA 1: Institutional Transformation and Development										86	-	-
Allocations to other priorities												
Total Capital Expenditure										55,255	137,282	195,481

References:  
1. Total capital expenditure must reconcile to Budgeted Capital Expenditure  
2. Goal codes must be used on Table SA3.5



## NC452 Ga-Segonyana - Supporting Table SA7 Measurable performance objectives

[illegible]

1. Analyze a manufacturing performance objective for each resource source (within a resource forecast) and each rule (M7AM at 7/23/00).
2. Analyze of Basic Service performance targets (see Table 2.4) against Table 2.47 (summed all attribute responsibilities).
3. Only include one year cost/revenue information for individual measures where relevant activity occurred in that year.

## NC452 Ga-Segomanya - Entitled measurable performance objectives

Description	Unit of measurement	25/12/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework				
					Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year -1 Budget Year -2	2017/18	2018/19
Entity 1 - years of entity												
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NC452 Ga-Segonyana - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Borrowing Management</b>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.3%	2.2%	2.1%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.8%	3.7%	3.6%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Safety of Capital</b>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Liquidity</b>											
Current Ratio	Current assets/current liabilities	-	-	-	-	-	-	-	3.0	3.0	3.0
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	-	-	-	-	-	-	-	3.0	3.0	3.0
Liquidity Ratio	Monetary Assets/Current Liabilities	-	-	-	-	-	-	-	-	-	-
<b>Revenue Management</b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	80.0%	80.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	80.0%	80.0%	80.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	21.2%	21.0%	20.8%
Outstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<b>Creditors Management</b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA's 60(e))								95.0%	95.0%	95.0%
Creditors to Cash and Investments		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	10296.3%	510.5%	193.8%
<b>Other Indicators</b>											
Electricity Distribution Losses (2)	Total Volume Losses (kWh)								2506123	2506123	2506123
	Total Cost of Losses (Rand '000)								0	0	0
	% Volume (units purchased and generated less units sold)/units purchased and generated								167	167	167
Water Distribution Losses (2)	Total Volume Losses (kL)								0	0	0
	Total Cost of Losses (Rand '000)								167	167	167
	% Volume (units purchased and generated less units sold)/units purchased and generated								0	0	0
Employee costs	Employee costs/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	33.8%	33.3%	33.0%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	38.2%	35.9%	35.7%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	11.1%	11.0%	10.9%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	11.7%	11.6%	11.5%
<b>IDP regulation financial viability indicators</b>											
I Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	-	-	-	-	-	-	-	15.8	16.1	17.1
II OS Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	41.0%	41.0%	41.0%
III Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	-	-	-	-	-	-	-	0.0	0.2	0.4

**References**

1. Consumer debtors > 12 months old are excluded from current assets
2. Only include if services provided by the municipality



## Detail on the provision of municipal services for A10

Total municipal services	Ref		2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Total municipal services		<b>Household service targets (999)</b>									
		<b>Water:</b>									
	8	Piped water inside dwelling	-	-	-	-	-	-	5,587	5,905	6,238
	10	Piped water inside yard (but not in dwelling)	-	-	-	-	-	-	4,516	4,773	5,041
	9	Using public tap (at least min.service level)	-	-	-	-	-	-	8,570	9,481	10,012
	10	Other water supply (at least min.service level)	-	-	-	-	-	-	-	-	-
		Minimum Service Level and Above sub-total	-	-	-	-	-	-	-	-	-
	9	Using public tap (< min.service level)	-	-	-	-	-	-	19,073	20,190	21,189
	10	Other water supply (< min.service level)	-	-	-	-	-	-	6,482	6,851	7,235
		No water supply	-	-	-	-	-	-	-	-	-
		Below Minimum Service Level sub-total	-	-	-	-	-	-	-	-	-
		Total number of households	-	-	-	-	-	-	6,442	6,851	7,235
		<b>Sanitation/sewerage:</b>							25,555	27,612	28,924
		Flush toilet (connected to sewerage)	-	-	-	-	-	-	4,152	4,383	4,534
		Flush toilet (with septic tank)	-	-	-	-	-	-	702	742	784
		Chemical toilet	-	-	-	-	-	-	282	299	315
		Pit toilet (unimproved)	-	-	-	-	-	-	3,488	3,687	3,880
		Other toilet provisions (> min.service level)	-	-	-	-	-	-	-	-	-
		Minimum Service Level and Above sub-total	-	-	-	-	-	-	-	-	-
		Bucket toilet	-	-	-	-	-	-	8,024	8,116	8,025
		Other toilet provisions (< min.service level)	-	-	-	-	-	-	408	459	478
		No toilet provisions	-	-	-	-	-	-	630	686	703
		Below Minimum Service Level sub-total	-	-	-	-	-	-	2,660	2,812	2,969
		Total number of households	-	-	-	-	-	-	3,718	3,950	4,151
		<b>Energy:</b>							12,342	13,645	13,776
		Electricity (at least min.service level)	-	-	-	-	-	-	-	-	-
		Electricity - prepaid (min.service level)	-	-	-	-	-	-	-	-	-
		Minimum Service Level and Above sub-total	-	-	-	-	-	-	-	-	-
		Electricity (< min.service level)	-	-	-	-	-	-	-	-	-
		Electricity - prepaid (< min.service level)	-	-	-	-	-	-	-	-	-
		Other energy sources	-	-	-	-	-	-	-	-	-
		Below Minimum Service Level sub-total	-	-	-	-	-	-	-	-	-
		Total number of households	-	-	-	-	-	-	-	-	-
		<b>Refuse:</b>							-	-	-
		Removed at least once a week	-	-	-	-	-	-	5,972	5,361	5,661
		Minimum Service Level and Above sub-total	-	-	-	-	-	-	5,972	5,361	5,661
		Removed less frequently than once a week	-	-	-	-	-	-	113	119	125
		Using communal refuse dump	-	-	-	-	-	-	1,114	1,177	1,243
		Using own refuse dump	-	-	-	-	-	-	14,365	15,184	16,034
		Other rubbish disposal	-	-	-	-	-	-	1,963	2,075	2,191
		No rubbish disposal	-	-	-	-	-	-	1,200	1,208	1,208
		Below Minimum Service Level sub-total	-	-	-	-	-	-	18,755	19,824	20,854
		Total number of households	-	-	-	-	-	-	23,827	25,185	26,596
Municipal in-house services		<b>Household service targets (999)</b>									
		<b>Water:</b>									
	8	Piped water inside dwelling	-	-	-	-	-	-	5,587	5,905	6,238
	10	Piped water inside yard (but not in dwelling)	-	-	-	-	-	-	4,516	4,773	5,041
	9	Using public tap (at least min.service level)	-	-	-	-	-	-	8,570	9,481	10,012
	10	Other water supply (at least min.service level)	-	-	-	-	-	-	-	-	-
		Minimum Service Level and Above sub-total	-	-	-	-	-	-	-	-	-
	9	Using public tap (< min.service level)	-	-	-	-	-	-	19,073	20,190	21,189
	10	Other water supply (< min.service level)	-	-	-	-	-	-	6,482	6,851	7,235
		No water supply	-	-	-	-	-	-	-	-	-
		Below Minimum Service Level sub-total	-	-	-	-	-	-	-	-	-
		Total number of households	-	-	-	-	-	-	6,442	6,851	7,235
		<b>Sanitation/sewerage:</b>							25,555	27,612	28,924
		Flush toilet (connected to sewerage)	-	-	-	-	-	-	4,152	4,383	4,534
		Flush toilet (with septic tank)	-	-	-	-	-	-	702	742	784
		Chemical toilet	-	-	-	-	-	-	282	299	315
		Pit toilet (unimproved)	-	-	-	-	-	-	3,488	3,687	3,880
		Other toilet provisions (> min.service level)	-	-	-	-	-	-	-	-	-
		Minimum Service Level and Above sub-total	-	-	-	-	-	-	-	-	-
		Bucket toilet	-	-	-	-	-	-	8,024	8,116	8,025
		Other toilet provisions (< min.service level)	-	-	-	-	-	-	408	459	478
		No toilet provisions	-	-	-	-	-	-	630	686	703
		Below Minimum Service Level sub-total	-	-	-	-	-	-	2,660	2,812	2,969
		Total number of households	-	-	-	-	-	-	3,718	3,950	4,151
		<b>Energy:</b>							12,342	13,645	13,776
		Electricity (at least min.service level)	-	-	-	-	-	-	-	-	-
		Electricity - prepaid (min.service level)	-	-	-	-	-	-	-	-	-
		Minimum Service Level and Above sub-total	-	-	-	-	-	-	-	-	-
		Electricity (< min.service level)	-	-	-	-	-	-	-	-	-
		Electricity - prepaid (< min.service level)	-	-	-	-	-	-	-	-	-
		Other energy sources	-	-	-	-	-	-	-	-	-
		Below Minimum Service Level sub-total	-	-	-	-	-	-	-	-	-
		Total number of households	-	-	-	-	-	-	-	-	-
		<b>Refuse:</b>							-	-	-
		Removed at least once a week	-	-	-	-	-	-	5,972	5,361	5,661
		Minimum Service Level and Above sub-total	-	-	-	-	-	-	5,972	5,361	5,661
		Removed less frequently than once a week	-	-	-	-	-	-	113	119	125
		Using communal refuse dump	-	-	-	-	-	-	1,114	1,177	1,243
		Using own refuse dump	-	-	-	-	-	-	14,365	15,184	16,034
		Other rubbish disposal	-	-	-	-	-	-	1,963	2,075	2,191
		No rubbish disposal	-	-	-	-	-	-	1,200	1,208	1,208
		Below Minimum Service Level sub-total	-	-	-	-	-	-	18,755	19,824	20,854
		Total number of households	-	-	-	-	-	-	23,827	25,185	26,596

[illegible]

		Total cost of FBS - Electricity for informal settlements	-	-	-	-	-	-	-	-	
Water	Ref	Location of households for each type of FBS									
List type of FBS service		Formal settlements - (5 kilolitre per indigent household per month (R000))									
		Number of HH receiving this type of FBS									
		Informal settlements (R1000)							500,000	500,000	500,000
		Number of HH receiving this type of FBS							3,421	3,500	3,622
		Informal settlements targeted for upgrading (R1000)									
		Number of HH receiving this type of FBS									
		Living in informal backyard rental agreement (R1000)									
		Number of HH receiving this type of FBS									
		Other (R1000)									
		Number of HH receiving this type of FBS									
		Total cost of FBS - Water for informal settlements	-	-	-	-	-	-	-	-	
Sanitation	Ref	Location of households for each type of FBS									
List type of FBS service		Formal settlements - (free sanitation service to indigent households)									
		Number of HH receiving this type of FBS									
		Informal settlements (R1000)							500,000	500,000	500,000
		Number of HH receiving this type of FBS							3,421	3,500	3,622
		Informal settlements targeted for upgrading (R1000)									
		Number of HH receiving this type of FBS									
		Living in informal backyard rental agreement (R1000)									
		Number of HH receiving this type of FBS									
		Other (R1000)									
		Number of HH receiving this type of FBS									
		Total cost of FBS - Sanitation for informal settlements	-	-	-	-	-	-	-	-	
Refuse Removal	Ref	Location of households for each type of FBS									
List type of FBS service		Formal settlements - (removed once a week to indigent households)									
		Number of HH receiving this type of FBS									
		Informal settlements (R1000)							500,000	500,000	500,000
		Number of HH receiving this type of FBS							3,421	3,500	3,622
		Informal settlements targeted for upgrading (R1000)									
		Number of HH receiving this type of FBS									
		Living in informal backyard rental agreement (R1000)									
		Number of HH receiving this type of FBS									
		Other (R1000)									
		Number of HH receiving this type of FBS									
		Total cost of FBS - Refuse Removal for informal settlements	-	-	-	-	-	-	-	-	

#### References

- Monthly household income threshold. Should include all sources of income.
- State the poverty analysis the municipality uses to determine its indigent policy and the provision of services.
- Include total of all housing units within the municipality.
- Number of subsidised dwellings to be constructed by the municipality under agency agreement with province.
- Provide estimates based on building approval information. Include any non-subsidised dwellings constructed by the municipality.
- Use actual or estimated % increase assumed as a basis for budget calculations.
- Use actual or estimated % collection rate assumed as a basis for budget calculations for each revenue group.
- State distance <= 200m from dwelling.
- State distance > 200m from dwelling.



NC452 Ga-Segonyana Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Funding measures</b>												
Cash/cash equivalents at the year end - R'000	18(1)b	1	—	—	—	—	—	—	—	176	3,759	10,457
Cash + investments at the yr end less applications - R'000	18(1)b	2	—	—	—	—	—	—	—	35,303	36,442	40,411
Cash year end/monthly employee/supplier payments	18(1)b	3	—	—	—	—	—	—	—	0.0	0.2	0.4
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	—	—	—	—	—	—	—	95,764	142,616	203,797
Service charge rev % change - macro CPIX target exclusive	18(1)a(2)	5	N.A.	(5.0%)	(6.0%)	(5.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(0.2%)	(0.4%)
Cash receipts % of Ratepayer & Other revenue	18(1)a(2)	6	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	79.6%	79.6%	79.6%
Debt impairment expense as a % of total billable revenue	18(1)a(2)	7	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%	0.3%	0.3%
Capital payments % of capital expenditure	18(1)c(19)	8	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								100.0%	100.0%	100.0%
Current consumer debtors % change - inc/(dec)	18(1)a	11	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.7%	5.6%
Long term receivables % change - inc/(dec)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.7%	5.6%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.2%	3.2%	3.2%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

**References**

1. Positive cash balances indicative of minimum compliance - subject to 2
2. Deduct cash and investment applications (defined) from cash balances
3. Indicative of sufficient liquidity to meet average monthly operating payments
4. Indicative of funded operational requirements
5. Indicative of adherence to macro-economic targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)
6. Realistic average cash collection forecasts as % of annual billed revenue
7. Realistic average increase in debt impairment (doubtful debt) provision
8. Indicative of planned capital expenditure level & cash payment timing
9. Indicative of compliance with borrowing 'only' for the capital budget - should not exceed 100% unless refinancing
10. Substantiation of National/Province allocations included in budget
11. Indicative of realistic current annual debtor collection targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)
12. Indicative of realistic long term annual debtor collection targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)
13. Indicative of a credible allowance for repairs & maintenance of assets - functioning assets revenue protection
14. Indicative of a credible allowance for asset renewal (requires analysis of asset renewal projects as % of total capital projects - detailed capital plan) - functioning assets revenue protection



NC452 Ga-Segonyana - Supporting Table SA11 Property rates summary

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Valuation:</b>	1									
Date of valuation:										
Financial year valuation used										
Municipal by-laws s6 in place? (Y/N)	2							2017/18 Yes		
Municipal/assistant valuer appointed? (Y/N)								No		
Municipal partnership s38 used? (Y/N)								Yes	Yes	Yes
No. of assistant valuers (FTE)	3									
No. of data collectors (FTE)	3									
No. of internal valuers (FTE)	3									
No. of external valuers (FTE)	3									
No. of additional valuers (FTE)	4							1	1	1
Valuation appeal board established? (Y/N)										
Implementation time of new valuation roll (mths)								Yes		
No. of properties	5							12		
No. of sectional title values	5							13,033	12,446	12,508
No. of unreasonably difficult properties s7(2)								3	3	3
No. of supplementary valuations										
No. of valuation roll amendments								1		
No. of objections by rate payers										
No. of appeals by rate payers										
No. of successful objections	8									
No. of successful objections > 10%	8									
Supplementary valuation										
Public service infrastructure value (Rm)	5									
Municipality owned property value (Rm)										
<b>Valuation reductions:</b>										
Valuation reductions-public infrastructure (Rm)										
Valuation reductions-nature reserves/park (Rm)										
Valuation reductions-mineral rights (Rm)										
Valuation reductions-R15,000 threshold (Rm)										
Valuation reductions-public worship (Rm)										
Valuation reductions-other (Rm)										
<b>Total valuation reductions:</b>		-	-	-	-	-	-	-	-	-
Total value used for rating (Rm)	5									
Total land value (Rm)	5									
Total value of improvements (Rm)	5									
Total market value (Rm)	5									
<b>Rating:</b>										
Residential rate used to determine rate for other categories? (Y/N)										
Differential rates used? (Y/N)	5							Yes		
Limit on annual rate increase (s20)? (Y/N)								Yes		
Special rating area used? (Y/N)								No		
Phasing-in properties s21 (number)								Yes		
Rates policy accompanying budget? (Y/N)										
Fixed amount minimum value (R000)								Yes		
Non-residential prescribed ratio s19? (%)										
<b>Rate revenue:</b>										
Rate revenue budget (R'000)	6									
Rate revenue expected to collect (R'000)	6							41,400	43,760	46,210
Expected cash collection rate (%)								31,260	33,042	34,892
Special rating areas (R'000)	7							80.0%	80.0%	80.0%
Rebates, exemptions - indigent (R'000)										
Rebates, exemptions - pensioners (R'000)										
Rebates, exemptions - bona fide farm. (R'000)								2,325	2,458	2,556
Rebates, exemptions - other (R'000)										
Phase-in reductions/discounts (R'000)										
<b>Total rebates, exemptions, reductions, discounts (R'000)</b>		-	-	-	-	-	-	2,325	2,458	2,556

**References**

1. All numbers to be expressed as whole numbers except FTEs and Rates in the Rand
2. To give effect to rates policy
3. Full Time Equivalent (FTE) should be expressed to one decimal place and takes into account full time and part time staff
4. Required to implement new system (FTE)
5. Provide relevant information for historical comparisons. Must reconcile to the total of Table SA12
6. Current and budget year must reconcile to Table A4 Budgeted Financial Performance (revenue and expenditure)
7. Included in rate revenue budget
8. In favour of the rate-payer

NC452 Ga-Segonyana - Supporting Table SA12a Property rates by category (current year)

Description	Ref	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect. Areas	National Monuments	Public benefit organs.	Mining Props.
<b>Current Year 2016/17</b>																	
<b>Valuations:</b>																	
No. of properties		10,353	102	383	539	353	807										
No. of sectional title property values																	
No. of unreasonably difficult properties s7(2)																	
No. of supplementary valuations	2	278,686															
Supplementary valuation (Rm)																	
No. of valuation roll amendments																	
No. of objections by rate-payers																	
No. of appeals by rate-payers																	
No. of appeals by rate-payers finalised																	
No. of successful objections	5																
No. of successful objections > 10%	5																
Estimated no. of properties not valued																	
Years since last valuation (select)																	
Frequency of valuation (select)		1	1	1	1	1											
Method of valuation used (select)		<4	<4	<4	<4	<4											
Base of valuation (select)		Market	Market	Market	Market	Market											
Phasing-in properties s21 (number)		Land only	Land only	Land only	Land only	Land only											
Combination of rating types used? (Y/N)		Yes	Yes	Yes	Yes	Yes											
Flat rate used? (Y/N)																	
Is balance rated by uniform rate/variable rate?																	
<b>Valuation reductions:</b>																	
Valuation reductions-public infrastructure (Rm)																	
Valuation reductions-nature reserves/parks (Rm)																	
Valuation reductions-mineral rights (Rm)																	
Valuation reductions-R15,000 threshold (Rm)																	
Valuation reductions-public worship (Rm)																	
Valuation reductions-other (Rm)	2																
<b>Total valuation reductions:</b>																	
Total value used for rating (Rm)	6																
Total land value (Rm)	6																
Total value of improvements (Rm)	6																
Total market value (Rm)	6																
<b>Rating:</b>																	
Average rate	3																
Rate revenue budget (R'000)		39,074															
Rate revenue expected to collect (R'000)		33,132															
Expected cash collection rate (%)	4	90.0%															
Special rating areas (R'000)																	
Rebates, exemptions - indigent (R'000)																	
Rebates, exemptions - pensioners (R'000)																	
Rebates, exemptions - bona fide farm. (R'000)																	
Rebates, exemptions - other (R'000)		2,194															
Phase-in reductions/discounts (R'000)																	
<b>Total rebates, exemptions, reductions, discounts (R'000)</b>																	

**References**

1. Land & Assistance Act, Resolutions of Land Rights, Commercial Property Associations
2. Includes value of additional reductions is 'free' value greater than MPSP, minimum.
3. Average rate - cents in the Rand. Eg 10.25 cents in the Rand is 0.1025, expressed to 6 decimal places maximum
4. Include arrears collections
5. In favour of the rate-payer

NC452 Ga-Segonyana - Supporting Table SA12b Property rates by category (budget year)

Description	Ref	Resi.	Indust.	Bus. & Comm.	Farm prop.	State-owned	Muni prop.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect. Areas	National Monuments	Public benefit organs.	Mining Props.
<b>Budget Year 2017/18</b>																	
<b>Valuation:</b>																	
No. of properties		10,780	182	383	539	363	517										
No. of sectional title property values																	
No. of unreasonably difficult properties s7(2)																	
No. of supplementary valuations	3	337,860															
Supplementary valuation (Rm)																	
No. of valuation roll amendments																	
No. of objections by rate-payers																	
No. of appeals by rate-payers																	
No. of appeals by rate-payers finalised																	
No. of successful objections	5																
No. of successful objections > 10%	5																
Estimated no. of properties not valued																	
Years since last valuation (select)																	
Frequency of valuation (select)																	
Method of valuation used (select)																	
Base of valuation (select)																	
Phasing-in properties s21 (number)																	
Combination of rating types used? (Y/N)																	
Flat rate used? (Y/N)																	
Is balance rated by uniform rate/variable rate?																	
<b>Valuation reductions:</b>																	
Valuation reductions-public infrastructure (Rm)																	
Valuation reductions-nature reserves/park (Rm)																	
Valuation reductions-mineral rights (Rm)																	
Valuation reductions-R15,000 threshold (Rm)																	
Valuation reductions-public worship (Rm)																	
Valuation reductions-other (Rm)																	
<b>Total valuation reductions:</b>	2																
Total value used for rating (Rm)	6																
Total land value (Rm)	6																
Total value of improvements (Rm)	6																
Total market value (Rm)	6																
<b>Rating:</b>																	
Average rate	3																
Rate revenue budget (R'000)		41,400															
Rate revenue expected to collect (R'000)		31,280															
Expected cash collection rate (%)	4	80.0%															
Special rating areas (R'000)																	
Rebates, exemptions - indigent (R'000)																	
Rebates, exemptions - pensioners (R'000)																	
Rebates, exemptions - bone fide farm. (R'000)																	
Rebates, exemptions - other (R'000)																	
Phase in reductions/discounts (R'000)																	
<b>Total rebates, exemptions, discounts (R'000)</b>																	

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1. Land & Assistance Act, Realisation of Land Rights, Communal Property Associations
2. Include value of additional reductions is 'yes' value greater than R'000A minimum
3. Average rate - cents in the Rand. Eg 10.25 cents in the Rand is 0.1025, expressed to 6 decimal places maximum
4. Include arrears collections
5. In favour of the rate-payer
6. Provide relevant information for historical comparisons.

NC452 Ga-Segonyana - Supporting Table SA13a Service Tariffs by category

Description	Ref	Provide description of tariff structure where appropriate	2013/14	2014/15	2015/16	Current Year 2016/17	2017/18 Medium Term Revenue & Expenditure Framework		
							Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Property rates (rate in the Rand)</b>	1						0.0054	0.0067	0.0071
Residential properties									
Residential properties - vacant land									
Formal/formal settlements									
Small holdings									
Farm properties - used							0.0003	0.0003	0.0004
Farm properties - not used									
Industrial properties									
Business and commercial properties							0.0109	0.0114	0.0120
Communal land - residential									
Communal land - small holdings									
Communal land - farm property									
Communal land - business and commercial									
Communal land - other									
State-owned properties							0.0157	0.0209	0.0220
Municipal properties									
Public service infrastructure									
Privately owned towns serviced by the owner									
State trust land									
Restitution and redistribution properties									
Protected areas									
National monuments properties									
<b>Exemptions, reductions and rebates (Rands)</b>									
<b>Residential properties</b>									
R15 000 threshold rebate			15,000	15,000	15,000	15,000	15,000	15,000	15,000
General residential rebate							25,000	25,000	25,000
Indigent rebate or exemption									
Person/commercial grants rebate or exemption									
Temporary relief rebate or exemption									
Bona fide farmers rebate or exemption									
<b>Other rebates or exemptions</b>	2								
<b>Water tariffs</b>									
<b>Domestic</b>									
Basic charge/linked fee (Rands/month)									
Service point - vacant land (Rands/month)									
Water usage - flat rate tariff (c/m)									
Water usage - flat rate tariff									
Water usage - Block 1 (c/m)							9	10	10
Water usage - Block 2 (c/m)							10	10	11
Water usage - Block 3 (c/m)							10	10	11
Water usage - Block 4 (c/m)									
Water usage - Block 4 (c/m)							7	7	8
<b>Other</b>	2								
<b>Waste water tariffs</b>									
<b>Domestic</b>									
Basic charge/linked fee (Rands/month)							77	82	87
Service point - vacant land (Rands/month)									
Waste water - flat rate tariff (c/m)									
Volumetric charge - Block 1 (c/m)							53	55	59
Volumetric charge - Block 2 (c/m)							105	112	118
Volumetric charge - Block 3 (c/m)							124	131	138



NC452 Ga-Segonyana - Supporting Table SA13b Service Tariffs by category - explanatory

Description	Ref	Provide description of tariff structure where appropriate	2013/14	2014/15	2015/16	Current Year 2016/17	2017/18 Medium Term Revenue & Expenditure Framework		
							Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Exemptions, reductions and rebates (Rands)</b>									
Indigent rebate or exemption		Qualify for exemption but only							
General residential rebate							25,000	25,000	25,000
<b>Water tariffs</b>									
Indigent Households with an income < R4,120.00	0k - 6k								
	7k - 13k						9	10	10
	13k - 35k						10	10	11
	36k						10	10	11
RESIDENTIAL PROPERTIES	0k - 13k						9	10	10
	13k - 35k						10	10	11
	36k						10	10	11
SEMI-URBAN AREAS (HOUSEHOLDS ONLY)							7	7	8
NON-PROFIT ORGANISATION	0k- 12k						9	10	10
	13k- 35k						10	10	11
	36k>						10	10	11
All other properties not defined above									
Basic charges							58	59	62
Per Kilo-liter							18	17	18
Risk water purchases (Commercial)	per kiloliter						70	74	78
<b>Waste water tariffs</b>									
Basic charge: All consumers excluding rebate							77	82	87
1 Toilet							53	56	59
2 Toilets							106	112	118
3 Toilets and more							124	131	138
20% Rebates consumer fixed							71	75	79
40% Rebates consumer fixed							14	68	71
Non-profitable							21	23	24
Churches and Old age homes							21	23	24
School and school hostels							21	23	24
Hotel, prison and hospital							210	222	234
Business and industries							210	222	234
Departmental							124	131	138
<b>Electricity tariffs</b>									
Service point - vacant land (Rands/month)									
Lifeline (Cut off 400kWh and Rebate Users)	0-50						1	1	1
	51-350						1	1	1
	351-600						1	2	2
Or Basic Charge							105	112	119
Usage per kWh	0-50						1	1	1
	51-350						1	1	1
	351-600						1	2	2
	>600						2	2	2
Prepaid per kWh usage	0-50						1	1	1
	51-350						1	1	1
	351-600						1	2	2
	>600						2	2	2
Prepaid per kWh usage (>600)									
BUSINESS (1-350kWh)									
Basic Charge							489	517	545
Usage per kWh							1	1	1
or									
prepaid per kWh usage							2	2	2



NC452 Ga-Segonyana - Supporting Table SA14 Household bills

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18 % Incr.	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Rand/cost</b>											
<b>Monthly Account for Household - 'Middle Income Range'</b>	1										
<b>Rates and services charges:</b>											
Property rates											
Electricity Basic levy											
Electricity Consumption											
Water Basic levy											
Water Consumption											
Sanitation											
Refuse removal											
Other											
<b>sub-total</b>		-	-	-	-	-	-	-	-	-	-
VAT on Services											
<b>Total large household bill:</b>		-	-	-	-	-	-	-	-	-	-
<b>% increase/decrease</b>											
<b>Monthly Account for Household - 'Affordable Range'</b>	2										
<b>Rates and services charges:</b>											
Property rates											
Electricity Basic levy								6.4%	41,400,000.00	43,759,800.00	46,210,348.80
Electricity Consumption								4.0%	61,640,164.00	65,153,653.35	68,802,257.94
Water Basic levy								4.0%	30,888,000.00	32,648,616.00	34,476,938.50
Water Consumption								6.4%	19,101,000.00	20,189,757.00	21,320,383.39
Sanitation								6.4%	1,000.00	1,057.00	1,116.19
Refuse removal								6.4%	12,821,890.00	13,552,737.73	14,311,691.04
Other								6.4%	9,550,000.00	10,094,350.00	10,559,633.60
<b>sub-total</b>		-	-	-	-	-	-	-	175,402,054.00	185,399,971.08	195,782,369.46
VAT on Services											
<b>Total small household bill:</b>		-	-	-	-	-	-	-	175,402,054.00	185,399,971.08	195,782,369.46
<b>% increase/decrease</b>										5.7%	5.6%
<b>Monthly Account for Household - 'Indigent'</b>	3										
<b>Household receiving free basic services</b>											
<b>Rates and services charges:</b>											
Property rates											
Electricity Basic levy								#DIV/0!	1,505,400.00	1,591,302.93	1,680,415.89
Electricity Consumption								#DIV/0!	741,510.00	783,776.07	827,657.63
Water Basic levy								#DIV/0!	500,000.00	500,000.00	500,000.00
Water Consumption								#DIV/0!	500,000.00	500,000.00	500,000.00
Sanitation								#DIV/0!	500,000.00	500,000.00	500,000.00
Refuse removal								#DIV/0!	500,000.00	500,000.00	500,000.00
Other								#DIV/0!	500,000.00	500,000.00	500,000.00
<b>sub-total</b>		-	-	-	-	-	-	-	3,747,000.00	3,875,079.00	4,004,063.42
VAT on Services											
<b>Total small household bill:</b>		-	-	-	-	-	-	-	3,747,000.00	3,875,079.00	4,004,063.42
<b>% increase/decrease</b>										3.4%	3.4%

References

1. Use as basis property value of R700 000, 1 000 kWh electricity and 30kl water
2. Use as basis property value of R500 000 and R700 000, 500 kWh electricity and 25kl water
3. Use as basis property value of R 300 000, 350kWh electricity and 20kl water (50 kWh electricity and 6 kl water free)

NC452 Ga-Segonyana - Supporting Table SA15 Investment particulars by type

Investment type	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
Parent municipality										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality sub-total	1	-	-	-	-	-	-	-	-	-
Entities										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Entities sub-total		-	-	-	-	-	-	-	-	-
Consolidated total:		-	-	-	-	-	-	-	-	-

References

1. Total investments must reconcile to Budgeted Financial Position (current' call investment deposits plus 'non-current' investments)

NC452 Ga-Segonyana - Supporting Table SA16 Investment particulars by maturity

Investments by Maturity Name of institution & Investment ID	Ref	Period of investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed Interest rate	Interest Rate *	Commission Paid (Rands)	Commission Recipient	Expiry date of investment
		Yrs/Months							
Parent municipality									
Municipality sub-total									
Entities									
Entities sub-total									
TOTAL INVESTMENTS AND INTEREST	1								

References

1. Total investments must reconcile to all items in Table SA15 for the Current Year (30 June)
2. List investments in expiry date order

**NC452 Ga-Segonyana - Supporting Table SA17 Borrowing**

NC432 Ga-Segonyana - Supporting Table SA 17 Borrowing										
Borrowing - Categorised by type	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
<b>Parent municipality</b>										
Annuity and Bullet Loans										
Long-Term Loans (non-annuity)								20,453	14,444	9,636
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
<b>Municipality sub-total</b>	1	-	-	-	-	-	-	20,453	14,444	9,636
<b>Entities</b>										
Annuity and Bullet Loans										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
<b>Entities sub-total</b>	1	-	-	-	-	-	-	-	-	-
<b>Total Borrowing</b>	1	-	-	-	-	-	-	20,453	14,444	9,636

<b>Unspent Borrowing - Categorised by type</b>										
<b>Parent municipality</b>										
Long-Term Loans (annuity/reducing balance)										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
<b>Municipality sub-total</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Entities</b>										
Long-Term Loans (annuity/reducing balance)										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
<b>Entities sub-total</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Unspent Borrowing</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**References**

1. Total borrowing must reconcile to Budgeted Financial Position (Borrowing - non current)

NC452 Ga-Segonyana - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>										
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		-	-	-	-	-	-	132,725	144,021	155,022
Local Government Equitable Share								129,580	141,621	152,362
Finance Management								2,145	2,400	2,660
EPWP Incentive								1,000		
Other transfers/grants [insert description]										
<b>Provincial Government:</b>		-	-	-	-	-	-	1,821	1,821	1,566
Sport and Recreation								1,821	1,821	1,566
Other transfers/grants [insert description]										
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Total Operating Transfers and Grants</b>	5	-	-	-	-	-	-	134,546	145,842	156,588
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		-	-	-	-	-	-	94,211	137,262	195,481
Municipal Infrastructure Grant (MIG)								54,211	57,262	60,481
Water Services Infrastructure Grant								35,000	80,000	95,000
Integrated National Electrification Programme								5,000		40,000
<b>Provincial Government:</b>		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Total Capital Transfers and Grants</b>	5	-	-	-	-	-	-	94,211	137,262	195,481
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		-	-	-	-	-	-	228,757	283,104	352,069

**References:**

1. Each transfer/grant is listed by name as gazetted together with the name of the transferring department or municipality, donor or other organisation
2. Amounts actually **RECEIVED**; not revenue recognised (objective is to confirm grants transferred)
3. Replacement of RSC levies
4. Housing subsidies for housing where ownership transferred to organisations or persons outside the control of the municipality
5. Total transfers and grants must reconcile to Budgeted Cash Flows
6. Motor vehicle licensing refunds to be included under 'agency' services (Not Grant Receipts)

NC452 Ga-Segonyana - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>										
<b>EXPENDITURE:</b>	<b>1</b>									
<b>Operating expenditure of Transfers and Grants</b>										
<b>National Government:</b>		-	-	-	-	-	-	132,725	144,021	155,022
Local Government Equitable Share								129,580	141,621	152,362
Finance Management								2,145	2,400	2,660
EPWP Incentive								1,000		
Other transfers/grants [insert description]										
<b>Provincial Government:</b>		-	-	-	-	-	-	1,821	1,821	1,566
Sport and Recreation								1,821	1,821	1,566
Other transfers/grants [insert description]										
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Total operating expenditure of Transfers and Grants:</b>		-	-	-	-	-	-	134,546	145,842	156,588
<b>Capital expenditure of Transfers and Grants</b>										
<b>National Government:</b>		-	-	-	-	-	-	94,211	137,262	195,481
Municipal Infrastructure Grant (MIG)								54,211	57,262	60,481
Water Services Infrastructure Grant								35,000	60,000	95,000
Integrated National Electrification Programme								5,000		40,000
<b>Provincial Government:</b>		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Total capital expenditure of Transfers and Grants</b>		-	-	-	-	-	-	94,211	137,262	195,481
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		-	-	-	-	-	-	228,757	283,104	352,069

References

1. Expenditure must be separately listed for each transfer or grant received or recognised



NC452 Ga-Segonyana - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>										
<b>Operating transfers and grants:</b>	1,3									
<b>National Government:</b>										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue								132,725	144,021	155,022
Conditions still to be met - transferred to liabilities										
<b>Provincial Government:</b>										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue								1,821	1,821	1,586
Conditions still to be met - transferred to liabilities										
<b>District Municipality:</b>										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue								1,821	1,821	1,586
Conditions still to be met - transferred to liabilities										
<b>Other grant providers:</b>										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue										
Conditions still to be met - transferred to liabilities										
<b>Total operating transfers and grants revenue</b>										
<b>Total operating transfers and grants - CTBM</b>	2							134,546	145,842	156,588
<b>Capital transfers and grants:</b>	1,3									
<b>National Government:</b>										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue								94,211	137,262	195,481
Conditions still to be met - transferred to liabilities										
<b>Provincial Government:</b>										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue								94,211	137,262	195,481
Conditions still to be met - transferred to liabilities										
<b>District Municipality:</b>										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue										
Conditions still to be met - transferred to liabilities										
<b>Other grant providers:</b>										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue										
Conditions still to be met - transferred to liabilities										
<b>Total capital transfers and grants revenue</b>										
<b>Total capital transfers and grants - CTBM</b>	2									
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>								94,211	137,262	195,481
<b>TOTAL TRANSFERS AND GRANTS - CTBM</b>										
<b>References:</b>								228,757	283,104	352,069

1. Total capital transfers and grants revenue must reconcile to Budgeted Financial Performance and Financial Position; total recurrent grants revenue must reconcile to Budgeted Financial Performance
2. CTBM - conditions to be met
3. National Treasury database will require this reconciliation for each transfer/grant

NC452 Ga-Segonyana - Supporting Table SA21 Transfers and grants made by the municipality

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>											
<u>Cash Transfers to other municipalities</u> <i>Insert description</i>	1										
Total Cash Transfers To Municipalities:		-	-	-	-	-	-	-	-	-	-
<u>Cash Transfers to Entities/Other External Mechanisms</u> <i>Insert description</i>	2										
Total Cash Transfers To Entities/Em's		-	-	-	-	-	-	-	-	-	-
<u>Cash Transfers to other Organs of State</u> <i>Insert description</i>	3										
Total Cash Transfers To Other Organs Of State:		-	-	-	-	-	-	-	-	-	-
<u>Cash Transfers to Organisations</u> <i>Insert description</i>											
Total Cash Transfers To Organisations		-	-	-	-	-	-	-	-	-	-
<u>Cash Transfers to Groups of Individuals</u> <i>Insert description</i>											
Total Cash Transfers To Groups Of Individuals:		-	-	-	-	-	-	-	-	-	-
<b>TOTAL CASH TRANSFERS AND GRANTS</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<u>Non-Cash Transfers to other municipalities</u> <i>Insert description</i>	1										
Total Non-Cash Transfers To Municipalities:		-	-	-	-	-	-	-	-	-	-
<u>Non-Cash Transfers to Entities/Other External Mechanisms</u> <i>Insert description</i>	2										
Total Non-Cash Transfers To Entities/Em's		-	-	-	-	-	-	-	-	-	-
<u>Non-Cash Transfers to other Organs of State</u> <i>Insert description</i>	3										
Total Non-Cash Transfers To Other Organs Of State:		-	-	-	-	-	-	-	-	-	-
<u>Non-Cash Grants to Organisations</u> <i>Insert description</i>	4										
Total Non-Cash Grants To Organisations		-	-	-	-	-	-	-	-	-	-
<u>Groups of Individuals</u> <i>Insert description</i>	5										
Total Non-Cash Grants To Groups Of Individuals:		-	-	-	-	-	-	-	-	-	-
<b>TOTAL NON-CASH TRANSFERS AND GRANTS</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL TRANSFERS AND GRANTS</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

References:

1. Insert description (noted by municipal name and demarcation code of recipient)
2. Insert description of each entity or external mechanism (an external mechanism may be provided with resources to ensure a minimum level of service)
3. Insert description of each Organ of State (e.g. transfer to electricity provider to compensate for FDS provided)
4. Insert description of each other organisation (e.g. charity)
5. Insert description of each other organisation (e.g. the aged, child-headed households)
6. All descriptions should separate transfers for 'capital purposes' and 'operating purposes'

HC452 Ga-Segonyama - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
A thousand		A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>										
Basic Salaries and Wages								6,753	7,152	7,567
Pension and UIF Contributions								437	463	496
Medical Aid Contributions								-	-	-
Motor Vehicle Allowance								609	645	680
Cellphone Allowance								563	587	631
Housing Allowances								-	-	-
Other benefits and allowances								57	103	129
Sub Total - Councillors								8,458	8,957	9,475
% Increase	4	-	-	-	-	-	-	-	5.9%	5.9%
<b>Senior Managers of the Municipality</b>										
Basic Salaries and Wages	2							5,254	5,554	5,887
Pension and UIF Contributions								179	190	201
Medical Aid Contributions								-	-	-
Overtime								-	-	-
Performance Bonus								-	-	-
Motor Vehicle Allowance	3							749	753	838
Cellphone Allowance	3							37	103	109
Housing Allowances	3							-	-	-
Other benefits and allowances	3							1	1	1
Payments in lieu of leave								-	-	-
Long service awards								-	-	-
Post-retirement benefit obligations	6							-	-	-
Sub Total - Senior Managers of Municipality								6,279	6,648	7,034
% Increase	4	-	-	-	-	-	-	-	5.9%	5.9%
<b>Other Municipal Staff</b>										
Basic Salaries and Wages								76,407	80,315	85,606
Pension and UIF Contributions								11,332	12,300	12,896
Medical Aid Contributions								4,826	5,104	5,400
Overtime								3,278	3,673	3,874
Performance Bonus								-	-	-
Motor Vehicle Allowance	3							2,277	2,412	2,551
Cellphone Allowance	3							384	385	403
Housing Allowances	3							3,061	3,241	3,429
Other benefits and allowances	3							3,867	3,883	4,128
Payments in lieu of leave								-	-	-
Long service awards								-	-	-
Post-retirement benefit obligations	6							191	202	213
Sub Total - Other Municipal Staff								105,297	111,615	118,080
% Increase	4	-	-	-	-	-	-	-	5.9%	5.9%
<b>Total Parent Municipality</b>										
								120,133	127,221	134,566
								-	5.9%	5.9%
<b>Board Members of Entities</b>										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Board Fees										
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Board Members of Entities										
% Increase	4	-	-	-	-	-	-	-	-	-
<b>Senior Managers of Entities</b>										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Entities										
% Increase	4	-	-	-	-	-	-	-	-	-
<b>Other Staff of Entities</b>										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Other Staff of Entities										
% Increase	4	-	-	-	-	-	-	-	-	-
<b>Total Municipal Entities</b>										
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>										
% Increase	4	-	-	-	-	-	-	120,133	127,221	134,566
<b>TOTAL MANAGERS AND STAFF</b>	5,2	-	-	-	-	-	-	-	5.9%	5.9%
References:								111,875	116,264	122,123

1. Includes leave and advances where applicable if any reportable amounts until phased compliance with SIDA's MAMA achieved

2. S17 of the Systems Act

3. In kind benefits (e.g. provision of living quarters) must be shown as the cost (full market value) to the municipality, as part of the relevant allowance

4. GSA, CCA, DCA, ECA, FCA, GCA, HCA, ICA

5. Must agree to the sub-total appearing on Table A1 (Employee costs)

6. Includes pension payments and employer contributions to medical aid

7. Correct as at 30 June

**Notes:**

A, B and C: Audited actuals as per the audited financial statements. Unsettled amounts are unavailable, unsettled amounts must be provided with a note stating these are unsettled

D: The original budget approved by council for the budget year

E: The budget for the budget year as amended by council resolution in terms of section 28 of the MSA

F: An estimate of final actuals as per the current year of the period in terms of preparing the budget for the budget year. This may differ from E.

G: The amount to be appropriated for the budget year

H and I: The indicative projection

NC452 Ga-Segonyana - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

<b>Disclosure of Salaries, Allowances &amp; Benefits 1.</b>	<b>Ref</b>	<b>No.</b>	<b>Salary</b>	<b>Contributions</b>	<b>Allowances</b>	<b>Performance Bonuses</b>	<b>In-kind benefits</b>	<b>Total Package</b>
<b>Rand per annum</b>				<b>1.</b>				<b>2.</b>
<b>Councillors</b>	3							
Speaker	4		601,109		122,055			723,164
Chief Whip			242,188		24,468			266,656
Executive Mayor			741,728	123,480	24,468			889,676
Deputy Executive Mayor								-
Executive Committee			982,378	94,248	347,829			1,424,255
Total for all other councillors			4,185,912	219,312	748,695			5,153,919
<b>Total Councillors</b>	B	-	<b>6,753,315</b>	<b>437,040</b>	<b>1,267,315</b>			<b>8,457,670</b>
<b>Senior Managers of the Municipality</b>	5							
Municipal Manager (MM)			1,148,641	87	193,560			1,342,288
Chief Finance Officer			870,077	87	206,208			1,076,372
Director Corporate Services			879,054	87	194,587			1,073,828
Director Technical Services			1,120,385	87	92,664			1,213,136
Directore Community Services			770,718	179,463	112,672			1,063,053
Directore Town Planning			465,000	87	44,664			509,751
List of each official with packages >= senior manager								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
<b>Total Senior Managers of the Municipality</b>	8,10	-	<b>5,253,875</b>	<b>179,898</b>	<b>844,655</b>	-		<b>6,278,428</b>
<b>A Heading for Each Entity</b>	6,7							
List each member of board by designation								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
<b>Total for municipal entities</b>	8,10	-	-	-	-	-		-
<b>TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION</b>	10	-	<b>12,007,190</b>	<b>616,938</b>	<b>2,111,970</b>	-		<b>14,736,098</b>

## References

1. Pension and medical aid
2. Total package must equal the total cost to the municipality
3. List each political office bearer by designation. Provide a total for all other councillors
4. Political office bearer is defined in MFMA s 1: speaker, executive mayor, deputy executive mayor, member of executive committee, mayor, deputy mayor, member of mayoral committee, the councillor designated to exercise powers and duties of mayor (MSA s 57)
5. Also list each senior manager reporting to MM by designation and each official with package >= senior manager by designation
6. List each entity where municipality has an interest and state percentage ownership and control
7. List each senior manager reporting to the CEO of an Entity by designation
8. Must reconcile to relevant section of Table SA24
9. Must reconcile to totals shown for the budget year of Table SA22
10. Correct as at 30 June

NC452 Ga-Segonyana - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers		2015/16			Current Year 2016/17			Budget Year 2017/18		
Number	Ref	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
<b>Municipal Council and Boards of Municipal Entities</b>										
Councillors (Political Office Bearers plus Other Councillors)								27		27
Board Members of municipal entities	4							-		
<b>Municipal employees</b>	5									
Municipal Manager and Senior Managers	3							-		
Other Managers	7							5		5
Professionals		-	-	-	-	-	-	15	14	1
Finance								49	42	7
Spatial/Town planning								43	37	6
Information Technology								4	3	1
Roads								-		
Electricity								-		
Water								1	1	
Sanitation								1	1	
Refuse								-		
Other								-		
Technicians		-	-	-	-	-	-	-		
Finance								273	197	76
Spatial/Town planning								-		
Information Technology								4	3	1
Roads								3	3	
Electricity								21	21	
Water								15	15	
Sanitation								13	13	
Refuse								17	17	
Other								200	125	75
Clerks (Clerical and administrative)								-		
Service and sales workers								11	5	6
Skilled agricultural and fishery workers								122	120	2
Craft and related trades								-		
Plant and Machine Operators								-		
Elementary Occupations								16	16	
<b>TOTAL PERSONNEL NUMBERS</b>	9	-	-	-	-	-	-	518	394	124
% Increase										
Total municipal employees headcount	6, 10							-	-	-
Finance personnel headcount	8, 10							460	339	121
Human Resources personnel headcount	8, 10							51	50	1
								7	5	2

**References**

1. Positions must be funded and aligned to the municipality's current organisational structure
2. Full Time Equivalent (FTE). E.g. One full time person = 1FTE. A person working half time (say 4 hours out of 8) = 0.5FTE.
3. s17 of the Systems Act
4. Include only in Consolidated Statements
5. Include municipal entity employees in Consolidated Statements
6. Include headcount (number in persons, Not FTE) of managers and staff only (exclude councillors)
7. Managers who provide the direction of a critical technical function
8. Total number of employees working on these functions







**NC452 Ga-Segonyana - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)**

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																						
		Budget Year 2017/18												June	May	April	March	February	January	December	November	October	Sept.	August	July																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																											
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1. Surplus (Deficit) must reconcile with Budgeted Financial Performance



NC452 Ga-Segonyana - Supporting Table SA27 Budgeted monthly revenue and expenditure (functional classification)

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Revenue - Functional</b>																
Governance and administration		21,951	5,225	3,365	2,585	2,811	6,148	3,850	1,275	3,794	3,311	2,039	1,997	58,449	62,203	65,687
Executive and council		3,147	-	-	-	-	2,109	-	-	1,044	-	-	-	6,300	6,659	7,032
Finance and administration		18,804	5,225	3,365	2,585	2,811	4,039	3,850	1,275	2,750	3,811	2,039	1,997	52,549	55,544	58,655
Internal audit																
<b>Community and public safety</b>																
Community and social services		738	263	265	101	221	349	147	1,017	208	1,258	1,240	1,117	6,823	21,836	22,366
Sport and recreation		546	116	193	68	157	164	20	1,003	16	1,068	1,068	880	5,321	20,143	13,580
Public safety		172	148	73	33	84	165	127	14	172	165	172	227	1,532	1,619	8,710
Housing		20	-	-	-	-	20	-	-	20	-	-	10	70	74	-
Health																
<b>Economic and environmental services</b>																
Planning and development		3,889	5,772	4,841	5,559	3,457	3,911	5,420	5,176	5,513	6,524	4,594	10,258	65,304	55,176	60,048
Road transport		1,597	1,302	1,589	1,543	1,398	427	380	1,924	1,497	2,055	1,524	1,243	16,448	17,743	18,569
Environmental protection		2,292	4,470	3,253	4,016	2,470	3,484	5,090	3,253	4,016	4,470	3,080	8,955	48,796	37,369	41,412
<b>Trading services</b>																
Energy sources		39,958	15,717	19,300	22,614	7,455	51,427	21,714	12,719	40,603	15,189	10,572	37,857	295,126	352,674	424,528
Water management		19,807	6,756	7,811	7,879	2,756	20,236	7,441	8,863	17,323	9,236	5,966	28,706	140,619	148,894	195,465
Waste water management		8,028	3,127	3,380	10,751	3,017	19,357	11,555	2,164	11,033	3,127	3,390	5,910	89,840	94,032	148,798
Waste management		4,841	5,194	2,466	3,328	1,020	4,563	2,055	1,018	1,759	2,185	583	1,627	30,617	75,707	42,259
Other		7,483	641	643	657	562	7,261	663	654	10,468	641	643	3,616	34,050	35,991	38,006
<b>Total Revenue - Functional</b>		<b>56,541</b>	<b>25,992</b>	<b>27,776</b>	<b>30,864</b>	<b>14,349</b>	<b>61,839</b>	<b>31,136</b>	<b>20,192</b>	<b>50,122</b>	<b>26,786</b>	<b>18,440</b>	<b>51,235</b>	<b>426,362</b>	<b>481,953</b>	<b>572,697</b>
<b>Expenditure - Functional</b>																
Governance and administration		12,039	9,786	9,597	9,208	9,326	9,510	9,437	12,173	11,788	11,342	10,089	26,400	140,697	148,717	157,045
Executive and council		1,081	1,120	1,113	1,070	1,224	1,206	1,010	1,316	1,120	1,013	1,210	1,237	13,720	14,502	15,314
Finance and administration		10,958	8,688	8,484	8,139	8,102	9,304	8,427	10,857	10,668	10,329	8,879	26,164	128,977	134,215	141,731
Internal audit																
<b>Community and public safety</b>																
Community and social services		1,032	2,002	1,195	1,395	2,076	1,378	2,176	1,288	1,002	2,195	2,395	2,651	20,784	21,963	23,199
Sport and recreation		182	1,313	322	421	1,423	232	1,221	221	313	1,323	1,421	1,415	9,307	10,366	10,366
Public safety		638	650	710	659	628	1,018	718	666	650	710	658	1,001	8,726	9,224	9,740
Housing		212	40	162	316	25	127	237	380	40	162	316	235	2,251	2,379	2,512
Health																
<b>Economic and environmental services</b>																
Planning and development		3,178	3,135	3,345	2,867	2,736	3,804	1,500	3,007	3,135	2,345	2,867	4,655	36,374	38,447	40,601
Road transport		1,531	1,516	1,726	1,287	1,058	1,766	755	1,222	1,616	726	1,267	1,237	15,929	16,837	17,783
Environmental protection		1,547	1,519	1,619	1,579	1,678	1,838	745	1,765	1,519	1,619	1,579	2,593	20,020	21,362	22,347
<b>Trading services</b>																
Energy sources		11,448	8,173	10,536	8,716	5,305	11,397	6,473	5,641	8,620	12,081	9,223	33,875	132,588	140,146	147,994
Water management		8,862	5,508	7,765	5,712	3,576	4,966	3,713	2,545	4,165	10,200	6,220	20,671	83,862	88,663	93,628
Waste water management		1,219	1,267	1,290	1,630	177	4,690	1,603	1,638	1,267	1,290	1,630	11,018	28,619	30,250	31,944
Waste management		301	306	299	287	400	472	296	362	2,306	289	287	667	6,262	6,640	7,012
Other		1,066	1,093	1,192	1,095	1,152	1,365	852	1,095	1,093	1,192	1,066	1,519	13,306	14,593	15,410
<b>Total Expenditure - Functional</b>		<b>27,698</b>	<b>23,099</b>	<b>24,672</b>	<b>22,186</b>	<b>19,442</b>	<b>25,889</b>	<b>19,596</b>	<b>22,109</b>	<b>24,746</b>	<b>28,863</b>	<b>24,574</b>	<b>67,636</b>	<b>330,499</b>	<b>349,337</b>	<b>368,900</b>
<b>Surplus/(Deficit) before assoc.</b>		<b>38,843</b>	<b>3,894</b>	<b>3,103</b>	<b>8,679</b>	<b>(5,093)</b>	<b>35,951</b>	<b>11,550</b>	<b>(1,917)</b>	<b>25,377</b>	<b>(2,077)</b>	<b>(6,134)</b>	<b>(16,401)</b>	<b>95,764</b>	<b>142,615</b>	<b>203,797</b>
Share of surplus/(deficit) of associate																
<b>Surplus/(Deficit)</b>	<b>1</b>	<b>38,843</b>	<b>3,894</b>	<b>3,103</b>	<b>8,679</b>	<b>(5,093)</b>	<b>35,951</b>	<b>11,550</b>	<b>(1,917)</b>	<b>25,377</b>	<b>(2,077)</b>	<b>(6,134)</b>	<b>(16,401)</b>	<b>95,764</b>	<b>142,615</b>	<b>203,797</b>

Reference

1. Surplus/(Deficit) must reconcile with Budgeted Financial Performance

NC452 Ga-Segonyana - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

R thousand	Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
			July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
1	<b>Multi-year expenditure to be appropriated</b>																
	Vote 1 - EXECUTIVE & COUNCIL																
	Vote 2 - FINANCE AND ADMINISTRATION																
	Vote 3 - COMMUNITY AND SOCIAL SERVICES																
	Vote 4 - SPORTS & RECREATION																
	Vote 5 - PUBLIC SAFETY																
	Vote 6 - PLANNING AND DEVELOPMENT																
	Vote 7 - ROAD TRANSPORT																
	Vote 8 - ENVIRONMENTAL PROTECTION																
	Vote 9 - ENERGY SOURCES																
	Vote 10 - WATER MANAGEMENT																
	Vote 11 - WASTE WATER MANAGEMENT																
	Vote 12 - WASTE MANAGEMENT																
	Vote 13 - OTHER																
0																	
0																	
	<b>Capital multi-year expenditure sub-total</b>	2															
	<b>Single-year expenditure to be appropriated</b>																
	Vote 1 - EXECUTIVE & COUNCIL			50			100								285	435	
	Vote 2 - FINANCE AND ADMINISTRATION		527	500	240	563		124		142	425	148		581	3,010	6,700	
	Vote 3 - COMMUNITY AND SOCIAL SERVICES														240		7,000
	Vote 4 - SPORTS & RECREATION															11,000	11,000
	Vote 5 - PUBLIC SAFETY		125	177	208	336	79	117	79	156	181	208	336		2,500	3,000	3,000
	Vote 6 - PLANNING AND DEVELOPMENT			4,470	2,253	4,016	5,557	1,428	7,443		4,470		4,470	6,025	40,160	29,341	30,863
	Vote 7 - ROAD TRANSPORT																
	Vote 8 - ENVIRONMENTAL PROTECTION					2,500					2,500						40,000
	Vote 9 - ENERGY SOURCES			2,235	6,947	9,480	1,366	4,988	661	1,474				8,135	35,310	35,704	66,904
	Vote 10 - WATER MANAGEMENT			1,189	1,458	1,740			1,419					2,426	8,231	51,517	16,714
	Vote 11 - WASTE WATER MANAGEMENT																
	Vote 12 - WASTE MANAGEMENT																
	Vote 13 - OTHER																
0																	
0																	
	<b>Capital single-year expenditure sub-total</b>	2	652	8,621	11,106	18,636	7,152	6,656	9,601	1,772	7,576	356	4,806	18,322	95,256	137,262	195,481
	<b>Total Capital Expenditure</b>	2	652	8,621	11,106	18,636	7,152	6,656	9,601	1,772	7,576	356	4,806	18,322	95,256	137,262	195,481

References

1. Table should be completed as either Multi-Year expenditure appropriation or Budget Year and Forward Year estimates
2. Total Capital Expenditure must reconcile to Budgeted Capital Expenditure

NC452 Ga-Segonyana - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)

Ref	Description	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
1	<b>Capital Expenditure - Functional</b>															
	<b>Governance and administration</b>															
	Executive and council	-	50	-	-	100	-	-	-	-	-	-	285	435	-	-
	Finance and administration	-	50	-	-	100	-	-	-	-	-	-	285	435	-	-
	Internal audit															
	<b>Community and public safety</b>	527	500	240	563	-	124	-	142	426	148	-	581	3,250	17,700	18,000
	Community and social services	527	500	-	563	-	124	-	142	426	148	-	581	3,010	6,700	-
	Sport and recreation	-	-	240	-	-	-	-	-	-	-	-	-	240	-	7,000
	Public safety													-	11,000	11,000
	Housing													-	-	-
	Health													-	-	-
	<b>Economic and environmental services</b>	125	4,647	2,461	4,352	5,666	1,545	7,521	156	4,650	208	4,806	6,521	42,660	32,341	33,863
	Planning and development	125	177	208	336	79	117	79	156	181	208	336	497	2,500	3,000	3,000
	Road transport	-	4,470	2,253	4,016	5,587	1,428	7,443	-	4,470	-	4,470	6,025	40,160	29,341	30,863
	Environmental protection													-	-	-
	<b>Trading services</b>	-	3,424	8,404	13,720	1,386	4,988	2,080	1,474	2,500	-	-	10,935	48,911	87,221	143,618
	Energy sources	-	-	-	2,500	-	-	-	-	2,500	-	-	370	5,370	40,000	40,000
	Water management	-	2,235	6,947	9,480	1,385	4,988	661	1,474	-	-	-	8,139	35,310	35,704	85,904
	Waste water management	-	1,189	1,458	1,740	-	-	1,419	-	-	-	-	2,426	8,231	51,517	16,714
	Waste management													-	-	-
	<b>Other</b>													-	-	-
	<b>Total Capital Expenditure - Functional</b>	652	8,621	11,106	18,636	7,152	6,556	9,601	1,772	7,576	356	4,806	18,322	95,256	137,262	195,481
	<b>Funded by:</b>															
	National Government															
	Provincial Government	652	9,571	11,106	18,636	1,565	7,656	8,601	2,772	7,576	1,356	4,806	19,914	94,211	137,262	195,481
	District Municipality													-	-	-
	Other transfers and grants													-	-	-
	<b>Transfers recognised - capital</b>															
	<b>Public contributions &amp; donations</b>	652	9,571	11,106	18,636	1,565	7,656	8,601	2,772	7,576	1,356	4,806	19,914	94,211	137,262	195,481
	<b>Borrowing</b>													-	-	-
	<b>Internally generated funds</b>		50		2,000			1,000					(2,005)	1,045	-	-
	<b>Total Capital Funding</b>	652	9,621	11,106	20,636	1,565	7,656	9,601	2,772	7,576	1,356	4,806	17,909	95,256	137,262	195,481

References

1. Table should be completed as either Multi-Year expenditure appropriation or Budget Year and Forward Year estimates

2. Total Capital Expenditure must reconcile to Budgeted Capital Expenditure

check

NC452 Ga-Segonyana - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>															
<b>Cash Receipts By Source</b>															
Property taxes	1,495	2,770	7,844	2,490	2,312	1,354	2,007	5,177	1,354	2,770	1,244	442	31,260	33,042	34,892
Service charges - electricity revenue	8,169	8,134	8,189	5,428	4,583	4,163	5,372	4,359	4,103	6,134	8,189	9,344	72,225	75,342	80,617
Service charges - water revenue	114	834	1,345	1,107	1,555	888	2,128	1,525	895	834	1,345	2,301	14,832	15,753	16,057
Service charges - sanitation revenue	518	814	1,070	707	358	534	1,050	867	534	814	1,070	1,331	6,858	10,442	11,249
Service charges - refuse revenue	334	368	464	435	582	269	850	530	269	368	464	2,412	7,240	7,675	8,128
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,481
Rent of facilities and equipment	-	77	88	88	178	109	57	83	109	77	99	1,163	2,205	2,331	2,481
Interest earned - external investments	1	26	0	66	2	1	1	2	1	26	0	974	1,100	1,163	1,228
Interest earned - outstanding debtors	427	441	504	514	505	488	520	505	488	441	504	843	6,200	6,553	6,920
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	84	259	141	79	275	87	239	303	87	124	233	2,238	4,283	4,504	4,756
Grants and permits	184	124	236	159	159	87	239	303	87	124	233	-	-	-	-
Agency services	57,295	2,145	1,873	648	450	45,353	750	300	25,333	977	1,873	(300)	134,543	145,842	155,593
Transfer receipts - operational	1,765	1,977	1,873	1,719	1,131	86	12,750	15,307	37,343	12,623	14,945	1,692	13,125	13,873	14,650
Other revenue	70,418	15,789	19,585	11,719	11,607	53,383	42,750	15,307	37,343	12,623	14,945	22,476	288,165	318,877	339,381
<b>Cash Receipts by Source</b>															
Other Cash Flows by Source	30,358	8,750	2,500	17,500	17,500	16,263	2,500	8,750	7,500	-	-	-	34,211	137,262	185,481
Transfer receipts - capital															
Transfers and subsidies - capital (secretary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (kind - all)															
Proceeds on disposal of PPE															
Short term loans															
Borrowing long term/financing															
Increase (decrease) in consumer deposits															
Decrease (increase) in non-current debtors															
Decrease (increase) other non-current receivables															
Decrease (increase) in non-current investments															
<b>Total Cash Receipts by Source</b>	100,778	24,918	22,085	11,719	29,107	69,646	15,250	24,057	44,953	12,623	14,945	22,476	392,396	456,139	534,402
<b>Cash Payments by Type</b>															
Employee related costs	9,002	8,181	9,429	8,734	8,492	11,850	8,731	9,560	8,191	10,420	9,734	8,032	111,675	116,041	124,551
Remuneration of councillors	598	312	250	250	255	326	255	255	312	250	255	268	8,458	8,940	9,440
Finance charges	234	234	234	234	234	234	234	234	234	234	234	234	2,813	2,974	3,140
Bulk purchases - Electricity	8,658	7,488	6,430	3,488	4,488	3,736	4,369	4,369	6,488	7,488	8,658	9,064	74,787	79,056	83,477
Bulk purchases - Water & Sewer															
Other materials	763	156	623	862	783	156	674	520	813	862	441	1,004	7,238	7,651	8,079
Contracted services	4,528	2,928	2,928	3,928	2,928	3,928	2,928	3,928	2,928	4,528	2,928	(1,768)	37,440	38,574	41,790
Transfers and grants - other municipalities															
Transfers and grants - other															
Other expenditure	2,567	3,793	4,719	4,872	2,282	5,659	2,384	2,384	2,842	4,872	2,282	9,210	51,349	54,276	57,316
<b>Cash Payments by Type</b>	27,698	23,668	24,672	22,184	18,442	25,849	19,586	22,160	24,746	28,863	24,574	30,894	293,760	310,504	327,893
<b>Other Cash Flows/Payments by Type</b>															
Capital assets	77	11,049	8,691	15,645	742	23,509	12,821	1,555	8,691	6,853	1,555	2,070	95,258	137,262	185,481
Repayment of borrowing	-	-	76	25	25	25	2,106	52	52	25	52	52	4,790	4,790	4,790
Other Cash Flows/Payments															
<b>Total Cash Payments by Type</b>	27,775	34,718	33,439	41,656	20,209	48,422	34,443	23,715	31,488	35,742	28,181	35,288	393,806	432,556	508,164
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	73,003	(9,800)	(11,354)	(30,137)	8,898	20,225	(19,293)	1,342	13,465	(23,118)	(11,196)	(12,812)	(1,416)	3,583	6,608
Capital cash equivalents at the month/year begin	1,586	74,586	64,957	53,602	33,666	32,363	52,588	33,295	33,637	47,102	23,984	12,758	1,556	3,759	10,457
Capital cash equivalents at the month/year end	74,586	64,957	53,602	23,465	32,564	52,588	33,295	33,295	33,637	47,102	23,984	12,758	1,556	3,759	10,457

1. Note that this section of Table SA 30 is deliberately not linked to Table A4 because timing differences between the invoicing of clients and receiving the cash means that the cash flow will differ from budgeted revenue, and similarly for budgeted expenditure. However for the MTRIF it is now already included in A7.



NC452 Ga-Segonyana - Supporting Table SA32 List of external mechanisms

External mechanism Name of organisation	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
		Number			R thousand
Tsalanang Waste and Security Services JV	Yrs	3	Management Mini dumping site	31 March 2019	9,644
MK SECURITY PROTECTION PTY LTD	Yrs	3	Security Services	30 September 2018	17,243
PRAYSA TRADE 1094 CC/TA C-PAC PUMPS & VALVE	Yrs	1	Maintenance of Sewere Pumps	30 March 2017	when needed

References

1. Total agreement period from commencement until end
2. Annual value

NC452 Ga-Segonyana - Supporting Table SA33 Contracts having future budgetary implications

Ref	Description	Preceding Years	2017/18 Medium Term Revenue & Expenditure Framework			Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Total Contract Value
			Current Year 2016/17	Budget Year 2017/18	Budget Year +1 2018/19								
1,3	R thousand	Total	Original Budget		Budget Year +2 2019/20	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
2	Parent Municipality:												
	Revenue Obligation By Contract												
	Contract 1												
	Contract 2												
	Contract 3 etc												
2	Total Operating Revenue Implication												
	Expenditure Obligation By Contract												
	Contract 1												
	Contract 2												
	Contract 3 etc												
2	Total Operating Expenditure Implication												
	Capital Expenditure Obligation By Contract												
	Contract 1												
	Contract 2												
	Contract 3 etc												
2	Total Capital Expenditure Implication												
	Total Parent Expenditure Implication												
2	Entities:												
	Revenue Obligation By Contract												
	Contract 1												
	Contract 2												
	Contract 3 etc												
2	Total Operating Revenue Implication												
	Expenditure Obligation By Contract												
	Contract 1												
	Contract 2												
	Contract 3 etc												
2	Total Operating Expenditure Implication												
	Capital Expenditure Obligation By Contract												
	Contract 1												
	Contract 2												
	Contract 3 etc												
2	Total Capital Expenditure Implication												
	Total Entity Expenditure Implication												

**References**

1. Total implication for all preceding years to be summed and total stated in 'Preceding Years' column
2. List all contracts with future financial obligations beyond the three years covered by the MTRCF (MFM s33)
3. For municipalities with approved total revenue not exceeding R250 m - all contracts with an annual cost greater than R500 000. For municipalities with approved total revenue greater than R250 m - all contracts with an annual cost greater than R1 million. For municipalities with approved total revenue greater than R500 m - all contracts with an annual cost greater than R5 million

## NC452 Ga-Segonyana - Supporting Table SA34a Capital expenditure on new assets by asset class

[illegible]

[illegible]

Capital Spares												
<b>Biological or Cultivated Assets</b>												
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>												
Servitudes		-	-	-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-	-	-
Water Rights		-	-	-	-	-	-	-	-	-	-	-
Effluent Licenses												
Solid Waste Licenses												
Computer Software and Applications												
Load Settlement Software Applications												
Unspecified												
<b>Computer Equipment</b>		-	-	-	-	-	-	-	315	-	-	-
Computer Equipment									315			
<b>Furniture and Office Equipment</b>		-	-	-	-	-	-	-	2,620	3,000	3,000	
Furniture and Office Equipment									2,620	3,000	3,000	
<b>Machinery and Equipment</b>		-	-	-	-	-	-	-	610	-	-	
Machinery and Equipment									610			
<b>Transport Assets</b>		-	-	-	-	-	-	-	-	-	-	
Transport Assets									-	-	-	
<b>Libraries</b>		-	-	-	-	-	-	-	-	-	-	
Libraries									-	-	-	
<b>Zoo's, Marine and Non-biological Animals</b>		-	-	-	-	-	-	-	-	-	-	
Zoo's, Marine and Non-biological Animals									-	-	-	
<b>Total Capital Expenditure on new assets</b>	1	-	-	-	-	-	-	-	95,256	137,262	195,481	

#### References

1. Total Capital Expenditure on new assets (SA34a) plus Total Capital Expenditure on renewal of existing assets (SA34b) plus Total Capital Expenditure on upgrading of existing assets (SA34e) must reconcile to total capital expenditure

check balance

95,256,152 42,005,847 58,219,000





NC452 Ga-Segonyana - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

[illegible]

Halls									
Centres									
Offices									
Clinics/Care Centres									
Fire/Rescue Stations									
Trading Stations									
Museums									
Galleries									
Theatres									
Libraries									
Cemeteries/Crematoria									
Police									
Ports									
Public Open Space									
Nature Reserves									
Public Abolition Facilities									
Markets									
Stalls									
Abattoirs									
Airports									
Taxi Ranks/Bus Terminals									
Capital Spaces									
Sport and Recreation Facilities									
Indoor Facilities									
Outdoor Facilities									
Capital Spaces									
<b>Heritage Assets</b>									
Monuments									
Historic Buildings									
Works of Art									
Conservation Areas									
Other Heritage									
<b>Investment properties</b>									
Revenue Generating									
Improved Property									
Unimproved Property									
Non-revenue Generating									
Improved Property									
Unimproved Property									
<b>Other assets</b>									
Operational Buildings									
Municipal Offices									
Pop/Employment Plants									
Building Hen Offices									
Workshops									
Yards									
Stores									
Laboratories									
Training Centres									
Manufacturing Plant									
Depots									
Capital Spaces									
Housing									
Staff Housing									
Social Housing									
Capital Spaces									
<b>Biological or Cultivated Assets</b>									
Biological or Cultivated Assets									
<b>Intangible Assets</b>									
Services									
Licences and Rights									
Water Rights									
Effluent Licences									
Solid Waste Licences									
Computer Software and Applications									
Local Government Software Applications									
Unspecified									
<b>Computer Equipment</b>									
Computer Equipment									
<b>Furniture and Office Equipment</b>									
Furniture and Office Equipment									
<b>Machinery and Equipment</b>									
Machinery and Equipment									
<b>Transport Assets</b>									
Transport Assets									
<b>Libraries</b>									
Libraries									
<b>Zoo's, Marine and Non-biological Animals</b>									
Zoo's, Marine and Non-biological Animals									
<b>Total Capital Expenditure on renewal of existing assets</b>	1								
<b>Revelment of Existing Assets as % of total capex</b>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Revelment of Existing Assets as % of depreciaon</b>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

1. Total Capital Expenditure on renewal of existing assets (S434a) plus Total Capital Expenditure on new assets (S434b) plus Total Capital Expenditure on upgrading of existing assets (S434c) must reconcile to total capital expenditure in Budgeted Capital Expenditure

check balance 95,256,162 42,665,847 58,213,000



<b>Community Assets</b>							72	77	81
<b>Community Facilities</b>							72	77	81
Halls							40	40	45
Carehous									
Catchers									
Clinics/Care Centres							30	36	37
Fire/Rescue Stations									
Teaching Stations									
Museums									
Galleries									
Theatres									
Libraries									
Cemeteries/Crematoria									
Police									
Ports									
Public Open Space									
Nature Reserves									
Public Abolition Facilities									
Markets									
Shops									
Abattoirs									
Airports									
Taxi Rank/Bus Terminals									
Capital Spares									
<b>Sport and Recreation Facilities</b>									
Indoor Facilities									
Outdoor Facilities									
Capital Spares									
<b>Heritage Assets</b>									
Monuments									
Historic Buildings									
Works of Art									
Conservation Areas									
Other Heritage									
<b>Transport Facilities</b>									
Revenue Generating									
Improved Property									
Unimproved Property									
Non-revenue Generating									
Improved Property							1,010	1,070	1,130
Unimproved Property									
<b>Other Assets</b>							1,070	1,070	1,130
<b>Operational Buildings</b>							990	1,040	1,100
Municipal Offices									
Pay/Enquiry Halls									
Building Plan Offices									
Workshops									
Yards							30	37	39
Stores									
Laboratories									
Training Centres									
Manufacturing Plant									
Depots									
Capital Spares									
<b>Housing</b>									
Staff Housing									
Social Housing									
Capital Spares									
<b>Biological or Cultural Assets</b>									
Biological or Cultural Assets									
<b>Intangible Assets</b>									
Scenic									
Licences and Rights									
Water Rights									
Effluent Licence									
Solid Waste Licence									
Computer Software and Applications									
Local Government Software Applications									
Unimproved							350	370	390
<b>Computer Equipment</b>							350	370	390
Computer Equipment							180	190	200
<b>Furniture and Office Equipment</b>							190	190	200
Furniture and Office Equipment							5/5	5/4	5/5
<b>Machinery and Equipment</b>							5/5	5/4	5/5
Machinery and Equipment							1,200	1,200	1,200
<b>Transport Assets</b>							1,200	1,200	1,200
Transport Assets									
<b>Libraries</b>									
Libraries									
<b>Zoo's, Marine and Herpetological Assets</b>									
Zoo's, Marine and Herpetological Assets							30,700	30,810	41,850
<b>Total Repairs and Maintenance Expenditure</b>	1								
<b>W&amp;M as a % of PFC</b>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.4%	3.4%
<b>W&amp;M as a % of Operating Expenditure</b>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	11.8%	11.8%

Notes:  
1. Total Repairs and Maintenance Expenditure by Asset Category does not include total repairs and maintenance expenditure on Table SA1

36,790 7,096 2,177

check outline



NC452 Ga-Seqoyana - Supporting Table SA34d Depreciation by asset class

NC452 Ga-Segoyana - Supporting Table BA3d Depreciation by asset class							2017/18 Medium Term Revenue & Expenditure Framework			
Description	Ref	2017/18	2017/18	2017/18	Current Year 2018/19			2017/18	2018/19	2019/20
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Term Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +3 2019/20
Infrastructure by Asset Class/Technique								22,710	24,101	26,364
Water Networks								8,599	8,561	9,040
Roads Infrastructure										
Roads								8,035	8,581	8,943
Road Structures										
Road Furniture										
Capital Spares								1,565	1,222	1,201
Storm water infrastructure										
Drainage Collection								1,166	1,229	1,201
Storm water Conveyance										
Attenuation								6,854	7,775	7,525
Electrical infrastructure										
Power Plants								8,384	1,275	7,524
HV Substations										
MV Switching Station										
MV Transmission Conductors										
MV Substations										
MV Switching Station										
MV Networks										
LV Networks										
Capital Spares								14,813	14,812	15,541
Water Supply Infrastructure										
Dams and Weirs										
Boreholes										
Reservoirs										
Pump Stations										
Water Treatment Works										
Bulk Mains								14,893	14,892	15,541
Distribution										
Distribution Pipes										
PRV Stations										
Capital Spares								2,147	2,278	2,387
Sanitation Infrastructure										
Pump Station										
Retention										
Waste Water Treatment Works										
Odour Control										
Power Facilities										
Capital Spares										
Solid Waste Infrastructure										
Landfill Site										
Waste Transfer Station										
Waste Processing Facilities										
Waste Drop-off Point										
Waste Expansion Facilities										
Electricity Generation Facilities										
Capital Spares										
Rail Infrastructure										
Rolling Stock										
Rail Structures										
Rail Furniture										
Drainage Collection										
Storm water Conveyance										
Attenuation										
MV Substations										
LV Networks										
Capital Spares										
Coastal Infrastructure										
Sand Pumping										
Piers										
Harbours										
Recreational										



Capital Spares										
Information and Communication Infrastructure										
Data Centres										
Cable Layers										
Distribution Layers										
Capital Spares										
<b>Community Assets</b>										
Community Facilities										
Halls										
Centres										
Colleges										
Children's Centres										
Pleasure/Leisure Centres										
Leisure Centres										
Museums										
Galleries										
Theatres										
Libraries										
Development Centres										
Parks										
Public Open Space										
Active Recreation										
Public Recreation Facilities										
Markets										
Stalls										
Archives										
Sports										
Taxi/Roadside Terminals										
Capital Spares										
Sport and Recreation Facilities										
Indoor Facilities										
Outdoor Facilities										
Capital Spares										
<b>Heritage Assets</b>										
Monuments										
Historic Buildings										
Works of Art										
Conservation Areas										
Other Heritage										
<b>Industrial Assets</b>										
Business Generating										
Improved Property										
Unimproved Property										
Non-Business Generating										
Improved Property										
Unimproved Property										
<b>Other Assets</b>										
Domestic Buildings										
Municipal Offices										
Police/Security Forces										
Building Maintenance										
Workshops										
Yards										
Stores										
Laboratories										
Training Centres										
Manufacturing Plant										
Depots										
Capital Spares										
Housing										
Built Housing										
Social Housing										
Capital Spares										
<b>Biological and Geological Assets</b>										
Biological or Geological Assets										
<b>Intangible Assets</b>										
Services										
Licences and Rights										
Water Rights										
Offshore Licences										
Solid Waste Licences										
Computer Software and Applications										
Other Software Applications										
Unspecified										
<b>Computer Equipment</b>										
Computer Equipment										
<b>Office and Office Equipment</b>										
Furniture and Office Equipment										
<b>Machinery and Equipment</b>										
Machinery and Equipment										
<b>Transport Assets</b>										
Transport Assets										
<b>Other Assets</b>										
Other Assets										
<b>Other Assets and Non-Biological Assets</b>										
Zoo, Marine and Non-Biological Assets										
<b>Total Depreciable</b>										

#### Depreciation

1. Depreciation based on net book value. Not including Depreciation resulting from revaluation.

Other

36,201 2,000 2,143

NC452 Ga-Segonyana - Supporting Table SA34e Capital expenditure on the upgrading of existing assets by asset class

Description		Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		†	Assessed Outcome	Assessed Outcome	Assessed Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital expenditure on upgrading or existing assets by Asset Class/Sub-class											
Infrastructure											
Roads Infrastructure			-	-	-	-	-	-	-	-	-
Roads			-	-	-	-	-	-	-	-	-
Road Structures			-	-	-	-	-	-	-	-	-
Road Furniture			-	-	-	-	-	-	-	-	-
Capital Spares			-	-	-	-	-	-	-	-	-
Storm water Infrastructure			-	-	-	-	-	-	-	-	-
Drainage Collection			-	-	-	-	-	-	-	-	-
Storm water Conveyance			-	-	-	-	-	-	-	-	-
Attenuation			-	-	-	-	-	-	-	-	-
Electrical Infrastructure			-	-	-	-	-	-	-	-	-
Power Plants			-	-	-	-	-	-	-	-	-
HV Substations			-	-	-	-	-	-	-	-	-
HV Switching Station			-	-	-	-	-	-	-	-	-
HV Transmission Cables			-	-	-	-	-	-	-	-	-
MV Substations			-	-	-	-	-	-	-	-	-
MV Switching Station			-	-	-	-	-	-	-	-	-
MV Networks			-	-	-	-	-	-	-	-	-
LV Networks			-	-	-	-	-	-	-	-	-
Capital Spares			-	-	-	-	-	-	-	-	-
Water Supply Infrastructure			-	-	-	-	-	-	-	-	-
Dams and Weirs			-	-	-	-	-	-	-	-	-
Boreholes			-	-	-	-	-	-	-	-	-
Reservoirs			-	-	-	-	-	-	-	-	-
Pump Stations			-	-	-	-	-	-	-	-	-
Water Treatment Works			-	-	-	-	-	-	-	-	-
Bulk Mains			-	-	-	-	-	-	-	-	-
Distribution			-	-	-	-	-	-	-	-	-
Distribution Points			-	-	-	-	-	-	-	-	-
PIV Stations			-	-	-	-	-	-	-	-	-
Capital Spares			-	-	-	-	-	-	-	-	-
Sanitation Infrastructure			-	-	-	-	-	-	-	-	-
Pump Station			-	-	-	-	-	-	-	-	-
Recreation			-	-	-	-	-	-	-	-	-
Waste Water Treatment Works			-	-	-	-	-	-	-	-	-
On-site Sewers			-	-	-	-	-	-	-	-	-
Toilet Facilities			-	-	-	-	-	-	-	-	-
Capital Spares			-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure			-	-	-	-	-	-	-	-	-
Landfill Sites			-	-	-	-	-	-	-	-	-
Waste Transfer Station			-	-	-	-	-	-	-	-	-
Waste Processing Facilities			-	-	-	-	-	-	-	-	-
Waste Drop-off Points			-	-	-	-	-	-	-	-	-
Waste Separation Facilities			-	-	-	-	-	-	-	-	-
Electricity Generation Facilities			-	-	-	-	-	-	-	-	-
Capital Spares			-	-	-	-	-	-	-	-	-
Rail Infrastructure			-	-	-	-	-	-	-	-	-
Rail Lines			-	-	-	-	-	-	-	-	-
Rail Structures			-	-	-	-	-	-	-	-	-
Rail Furniture			-	-	-	-	-	-	-	-	-
Drainage Collection			-	-	-	-	-	-	-	-	-
Storm water Conveyance			-	-	-	-	-	-	-	-	-
Attenuation			-	-	-	-	-	-	-	-	-
MV Substations			-	-	-	-	-	-	-	-	-
LV Networks			-	-	-	-	-	-	-	-	-
Capital Spares			-	-	-	-	-	-	-	-	-
Coastal Infrastructure			-	-	-	-	-	-	-	-	-
Sand Pumps			-	-	-	-	-	-	-	-	-
Piers			-	-	-	-	-	-	-	-	-
Recreational			-	-	-	-	-	-	-	-	-
Promenades			-	-	-	-	-	-	-	-	-
Capital Spares			-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure			-	-	-	-	-	-	-	-	-
Data Centres			-	-	-	-	-	-	-	-	-
Core Layers			-	-	-	-	-	-	-	-	-
Distribution Layers			-	-	-	-	-	-	-	-	-
Capital Spares			-	-	-	-	-	-	-	-	-
Community Assets											
Community Facilities			-	-	-	-	-	-	-	-	-

Halls										
Centres										
Offices										
Clinics/Care Centres										
Fire/Ambulance Stations										
Testing Stations										
Museums										
Galleries										
Theatres										
Libraries										
Conferences/Conventions										
Police										
Ports										
Public Open Space										
Water Resources										
Public Attraction Facilities										
Markets										
Stalls										
Admission										
Airports										
Tram/Road/Bus Terminals										
Capital Spaces										
Sport and Recreation Facilities										
Indoor Facilities										
Outdoor Facilities										
Capital Spaces										
<b>Heritage Assets</b>										
Monuments										
Historic Buildings										
Works of Art										
Conservation Areas										
Other Heritage										
<b>Investment properties</b>										
Revenue Generating										
Improved Property										
Unimproved Property										
Non-revenue Generating										
Improved Property										
Unimproved Property										
<b>Other assets</b>										
Operational Buildings										
Municipal Offices										
Police/Security Points										
Building Men Offices										
Workshops										
Yards										
Stores										
Laboratories										
Training Centre										
Manufacturing Plant										
Depots										
Capital Spaces										
Housing										
One Housing										
Social Housing										
Capital Spaces										
<b>Biological or Cultivated Assets</b>										
Biological or Cultivated Assets										
<b>Intangible Assets</b>										
Patents										
License and Rights										
Water Rights										
Electric Licenses										
Soft Waste Licenses										
Computer Software and Application										
Local Software and Application										
Unspecified										
<b>Computer Equipment</b>										
Computer Equipment										
<b>Furniture and Office Equipment</b>										
Furniture and Office Equipment										
<b>Machinery and Equipment</b>										
Machinery and Equipment										
<b>Transport Assets</b>										
Transport Assets										
<b>Libraries</b>										
Libraries										
<b>Zoo's, Marine and Non-biological Animals</b>										
Zoo's, Marine and Non-biological Animals										
<b>Total Capital Expenditure on upgrading of existing assets</b>	1									
Upgrading of Existing Assets as % of total capital		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Upgrading of Existing Assets as % of deprec		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Revenues</b>										

1. Total Capital Expenditure on upgrading of existing assets (S434) plus Total Capital Expenditure on new assets (S434a) plus Total Capital Expenditure on renewal of existing assets (S434b) must reconcile to total capital expenditure in Budgeted Capital Expenditure

check: 04/2022

95,256,152 42,005,547 56,218,000

NC452 Ga-Segonyana - Supporting Table SA35 Future financial implications of the capital budget

Vote Description	Ref	2017/18 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Present value
R thousand								
<b>Capital expenditure</b>	<b>1</b>							
Vote 1 - EXECUTIVE & COUNCIL		-	-	-				
Vote 2 - FINANCE AND ADMINISTRATION		435	-	-				
Vote 3 - COMMUNITY AND SOCIAL SERVICES		3,010	-	-				
Vote 4 - SPORTS & RECREATION		240	-	7,000				
Vote 5 - PUBLIC SAFETY		-	11,000	11,000				
Vote 6 - PLANNING AND DEVELOPMENT		2,500	3,000	3,000				
Vote 7 - ROAD TRANSPORT		40,160	36,041	30,863				
Vote 8 - ENVIRONMENTAL PROTECTION		-	-	-				
Vote 9 - ENERGY SOURCES		5,370	-	40,000				
Vote 10 - WATER MANAGEMENT		35,310	35,704	86,904				
Vote 11 - WASTE WATER MANAGEMENT		8,231	51,517	16,714				
Vote 12 - WASTE MANAGEMENT		-	-	-				
Vote 13 - OTHER		-	-	-				
0		-	-	-				
0		-	-	-				
List entity summary if applicable								
<b>Total Capital Expenditure</b>		<b>95,256</b>	<b>137,262</b>	<b>195,481</b>	-	-	-	-
<b>Future operational costs by vote</b>	<b>2</b>							
Vote 1 - EXECUTIVE & COUNCIL		13,720	14,502	15,314				
Vote 2 - FINANCE AND ADMINISTRATION		126,977	134,215	141,731				
Vote 3 - COMMUNITY AND SOCIAL SERVICES		9,807	10,366	10,946				
Vote 4 - SPORTS & RECREATION		8,726	9,224	9,740				
Vote 5 - PUBLIC SAFETY		2,251	2,379	2,512				
Vote 6 - PLANNING AND DEVELOPMENT		15,929	16,837	17,780				
Vote 7 - ROAD TRANSPORT		20,020	21,162	22,347				
Vote 8 - ENVIRONMENTAL PROTECTION		425	449	474				
Vote 9 - ENERGY SOURCES		83,882	88,663	93,628				
Vote 10 - WATER MANAGEMENT		28,619	30,250	31,944				
Vote 11 - WASTE WATER MANAGEMENT		6,262	6,640	7,012				
Vote 12 - WASTE MANAGEMENT		13,806	14,593	15,410				
Vote 13 - OTHER		55	58	61				
0								
0								
List entity summary if applicable								
<b>Total future operational costs</b>		<b>330,499</b>	<b>349,337</b>	<b>368,900</b>	-	-	-	-
<b>Future revenue by source</b>	<b>3</b>							
Property rates		39,075	41,302	43,615				
Service charges - electricity revenue		90,281	95,427	100,771				
Service charges - water revenue		18,602	19,691	20,821				
Service charges - sanitation revenue		12,322	13,053	13,812				
Service charges - refuse revenue		9,050	9,594	10,160				
Service charges - other		-	-	-				
Rental of facilities and equipment		2,205	2,331	2,461				
Interest earned - external investments		1,100	1,163	1,228				
Interest earned - outstanding debtors		6,200	6,553	6,920				
Dividends received		-	-	-				
Fines, penalties and forfeits		1,285	1,358	1,434				
Licences and permits		4,261	4,504	4,756				
Agency services		-	-	-				
Transfers and subsidies		134,546	145,842	156,588				
Other revenue		13,125	13,873	14,650				
List entity summary if applicable								
<b>Total future revenue</b>		<b>332,051</b>	<b>354,691</b>	<b>377,216</b>	-	-	-	-
<b>Net Financial Implications</b>		<b>93,703</b>	<b>131,908</b>	<b>187,165</b>	-	-	-	-

References

1. Summarise the total capital cost until capital project is operational (MFMA s19(2)(a))
2. Summary of future operational costs from when projects operational (present value until the end of each asset's useful life) (MFMA s19(2)(b))
3. Summarise the future revenue from when projects are operational, including municipal tax and tariff implications, (present value until the end of asset's useful life)



NC452 Ga-Segonyana - Supporting Table SA37 Projects delayed from previous financial year/s

Municipal Vote/Capital project Parent municipality: List all capital projects grouped by Municipal Vote R thousand	Ref. 1,2	Project name	Project number	Asset Class 3	Asset Sub-Class 3	GPS co-ordinates 4	Previous target	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework		
							year to complete	Original Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
							Year					
				Examples	Examples							
Entities: List all capital projects grouped by Municipal Entity												
Entity Name Project name												

References

1. List all projects with planned completion dates in current year that have been re-budgeted in the MTRF
2. Refer MFMA s30
3. As per Table SA34
4. Correct to seconds. Provide a logical starting point on networked infrastructure.





2016/17 FY THREE YEAR IMPLEMENTATION PLAN

ITEM	2017/2018	2018/2019	2019/2020
	Amount	Amount	
Rural Sanitation programme	R 8,231,057.59	R 7,220,530.96	R 8,618,469.04
PMU	R 2,500,000.00	R 3,000,000.00	R 3,000,000.00
Upgrading of gravel internal road to paved road in Neweng	R 5,386,930.31	R 283,522.65	
Upgrading of gravel internal road to paved road in Seoding RDP			
Upgrading of gravel internal road to paved road in Magojaneng	R 6,603,763.82	R 347,566.52	
Upgrading of gravel internal road to paved road in Bankhara	R 12,275,107.71	R 646,058.30	
Bodulong	R 11,831,020.68	R 9,118,509.37	
Upgrading of the vergenoeg - Maruping link road to bituminous standard	R 2,315,566.78		
Upgrading of the vergenoeg - Battharos link road to bituminous standard	R 805,609.14		
Upgrading of Mandela Drive to Mothibistad road	R 941,647.89		
Gantatlang water network extention	R 309,911.55		
Construction of Seven Miles community hall	R 3,010,384.53		
Construction of Sedibeng community hall		R 6,700,000.00	
Construction of Kuruman Firestation and emergency disaster management facilities		R 11,000,000.00	R 11,000,000.00
Upgrading of gravel internal road to paved road in Pietbos		R 2,557,723.93	
Upgrading of gravel internal road to paved road in Seven Miles		R 16,388,088.27	R 862,530.96
Rural roads programme			R 30,000,000.00
Construction of Ditsoswaneng community hall			
Upgrading of Wrenchville sports ground			R 7,000,000.00
<b>TOTAL VALUE OF PROJECTS</b>	<b>R 54,211,000.00</b>	<b>R 57,262,000.00</b>	<b>R 60,481,000.00</b>
<b>APPROVED MIG ALLOCATION</b>	<b>R 54,211,000.00</b>	<b>R 57,262,000.00</b>	<b>R 60,481,000.00</b>

MUNICIPAL MANAGER

Mr E. Ntefang

# WATER SERVICE INFRASTRUCTURE GRANTS

PROJECT NAME	2017/2018	2018/2019	2019/2020
ITEM	Amount	Amount	
Magojaneng water supply extension (retention from 15/16 FY project)	R 373,009.90		R 8,000,000.00
Garuele water supply phase 2 (retention money for 15/16FY project)	R 375,654.00		
Seeding water supply extension (retention from 15/16 FY project)	R 294,150.78		R 8,002,366.00
Construction of Seven Miles Bulk water supply phase 2	R 22,823,978.73	R 1,274,147.98	
Mapoteng water network extensions	R 499,527.83		R 8,642,000.00
Mokalamosesane bulk water supply	R 9,934,408.73	R 962,863.62	
Ditshoswaneng water extension network: phase 2	R 227,460.02		
Kagung/West Derby bulk water supply phase 3		R 15,486,797.78	R 6,029,125.75
Batlharos water source development and drought relief		R 12,666,789.79	R 589,066.18
Rural sanitatioin programme: Bankhara Bodulong and Ward 7		R 9,640,000.00	R 6,500,000.00
Refurbishment Kuruman STW & sewage pump staion			
Refurbishment of Mothibstad oxidation ponds		R 24,202,654.00	R 1,045,663.00
WSOS	R 471,810.01	R 10,453,815.80	R 550,200.85
Maruping/Batlharos bulk water supply phase 3			R 9,436,200.22
Bankhara Bodulong water extensions			R 10,968,835.00
Upgrading of internal water supply to Kuruman and Wrenchville			R 10,236,543.00
		R 5,312,931.03	R 25,000,000.00
<b>TOTAL VALUE OF PROJECTS</b>	<b>R 35,000,000.00</b>	<b>R 80,000,000.00</b>	<b>R 95,000,000.00</b>
<b>DORA ALLOCATION</b>	<b>R 35,000,000.00</b>	<b>R 80,000,000.00</b>	<b>R 95,000,000.00</b>

NEW 2017/18 BUDGETED ASSETS
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DISCRIPTION	AMOUNT
Machinery	240,000.00
Computer Equipment	345,152.00
Furniture and Office Equipment	90,000.00
Transformer - Technical	370,000.00
	<b>1,045,152.00</b>

NC452 Ga-Segonyana - Table A1 Budget Summary

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Financial Performance</b>										
Property rates	19,813	30,538	31,172	36,880	36,880	-	-	-	-	-
Service charges	95,795	100,312	99,842	122,919	126,333	-	-	-	-	-
Investment revenue	1,401	1,693	1,033	1,590	1,090	-	-	-	-	-
Transfers recognised - operational	89,604	100,561	129,298	122,201	122,431	-	-	-	-	-
Other own revenue	52,904	56,163	37,569	35,598	32,414	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>259,516</b>	<b>289,268</b>	<b>298,914</b>	<b>319,288</b>	<b>319,148</b>	-	-	-	-	-
Employee costs	75,814	90,554	97,473	110,536	106,378	-	-	-	-	-
Remuneration of councillors	6,743	7,002	7,638	7,471	5,171	-	-	-	-	-
Depreciation & asset impairment	43,157	45,604	50,190	19,846	19,846	-	-	-	-	-
Finance charges	2,652	5,319	6,252	2,512	2,512	-	-	-	-	-
Materials and bulk purchases	61,139	59,422	68,815	118,552	118,349	-	-	-	-	-
Transfers and grants	-	-	-	-	-	-	-	-	-	-
Other expenditure	112,871	134,339	127,589	55,160	59,901	-	-	-	-	-
<b>Total Expenditure</b>	<b>302,377</b>	<b>342,238</b>	<b>357,937</b>	<b>314,078</b>	<b>312,158</b>	-	-	-	-	-
<b>Surplus/(Deficit)</b>	<b>(42,861)</b>	<b>(52,970)</b>	<b>(59,023)</b>	<b>5,210</b>	<b>6,990</b>	-	-	-	-	-
Transfers recognised - capital	75,950	85,072	91,165	107,321	121,488	-	-	-	-	-
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>33,089</b>	<b>32,102</b>	<b>32,142</b>	<b>112,531</b>	<b>128,478</b>	-	-	-	-	-
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>33,089</b>	<b>32,102</b>	<b>32,142</b>	<b>112,531</b>	<b>128,478</b>	-	-	-	-	-
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>121,115</b>	<b>103,857</b>	<b>119,057</b>	<b>127,435</b>	<b>144,231</b>	-	-	-	-	-
Transfers recognised - capital	113,332	94,868	104,536	107,321	121,488	-	-	-	-	-
Public contributions & donations	-	5,159	13,141	15,000	15,000	-	-	-	-	-
Borrowing	2,316	-	-	1,600	1,600	-	-	-	-	-
Internally generated funds	5,468	3,830	1,380	3,514	6,143	-	-	-	-	-
<b>Total sources of capital funds</b>	<b>121,115</b>	<b>103,857</b>	<b>119,057</b>	<b>127,435</b>	<b>144,231</b>	-	-	-	-	-
<b>Financial position</b>										
Total current assets	63,087	68,129	92,577	92,491	61,848	-	-	-	-	-
Total non current assets	978,251	990,756	1,056,194	1,186,123	1,191,404	-	-	-	-	-
Total current liabilities	40,256	61,188	120,952	43,096	43,096	-	-	-	-	-
Total non current liabilities	57,959	56,018	53,953	19,906	52,745	-	-	-	-	-
Community wealth/Equity	943,123	941,678	973,866	1,215,611	1,177,410	-	-	-	-	-
<b>Cash flows</b>										
Net cash from (used) operating	116,861	94,512	115,546	116,925	131,277	-	-	-	-	-
Net cash from (used) investing	(120,676)	(104,234)	(117,329)	(127,435)	(128,876)	-	-	-	-	-
Net cash from (used) financing	(3,535)	(2,191)	1,685	(2,416)	(2,416)	-	-	-	-	-
<b>Cash/cash equivalents at the year end</b>	<b>12,544</b>	<b>631</b>	<b>532</b>	<b>621</b>	<b>518</b>	-	-	-	-	-
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	12,544	631	532	621	288	-	-	-	-	-
Application of cash and investments	11,833	23,376	61,700	(24,746)	(19,300)	-	-	-	-	-
<b>Balance - surplus (shortfall)</b>	<b>711</b>	<b>(22,745)</b>	<b>(61,168)</b>	<b>25,367</b>	<b>19,588</b>	-	-	-	-	-
<b>Asset management</b>										
Asset register summary (WDV)	978,251	990,366	1,056,145	1,184,223	1,166,209	-	-	-	-	-
Depreciation & asset impairment	43,157	45,604	50,190	19,846	19,846	-	-	-	-	-
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	44,707	22,178	28,703	43,996	43,793	-	-	-	-	-
<b>Free services</b>										
Cost of Free Basic Services provided	-	-	-	1,884	-	-	-	-	-	-
Revenue cost of free services provided	3,438	1,745	1,806	2,094	3,994	-	-	-	-	-
<b>Households below minimum service level</b>										
Water:	0	26	26	33	-	-	-	-	-	-
Sanitation/sewerage:	3	11	11	14	-	-	-	-	-	-
Energy:	-	31	31	39	-	-	-	-	-	-
Refuse:	16	33	33	42	-	-	-	-	-	-



NC452 Ga-Segonyana - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

NC452 Ga-Segonyana - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)										
Standard Classification Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1									
Revenue - Standard										
Governance and administration		33,529	55,169	57,239	64,168	64,326	-	-	-	-
Executive and council		10,430	12,682	15,484	14,753	14,753	-	-	-	-
Budget and treasury office		23,099	42,149	41,356	48,009	48,368	-	-	-	-
Corporate services		-	339	399	1,405	1,205	-	-	-	-
Community and public safety		9,092	22,541	9,805	10,550	10,993	-	-	-	-
Community and social services		1,101	1,379	1,578	2,745	2,989	-	-	-	-
Sport and recreation		1,106	2,184	763	1,031	1,074	-	-	-	-
Public safety		6,852	18,946	7,429	6,703	6,860	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		33	32	35	70	70	-	-	-	-
Economic and environmental services		31,759	38,498	40,118	55,072	54,423	-	-	-	-
Planning and development		24,253	12,718	22,996	27,951	22,805	-	-	-	-
Road transport		7,506	25,780	17,122	27,121	31,617	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		261,037	258,132	282,918	296,819	310,893	-	-	-	-
Electricity		100,139	100,514	108,988	128,880	131,930	-	-	-	-
Water		115,991	107,835	113,021	96,187	115,697	-	-	-	-
Waste water management		11,215	25,751	33,264	38,987	30,553	-	-	-	-
Waste management		33,691	24,031	27,645	32,764	32,713	-	-	-	-
Other	4	49	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	335,466	374,340	390,079	426,609	440,636	-	-	-	-
Expenditure - Standard										
Governance and administration		52,099	91,677	76,499	86,913	87,281	-	-	-	-
Executive and council		23,968	23,972	20,224	25,515	20,479	-	-	-	-
Budget and treasury office		28,131	47,249	35,488	40,977	45,840	-	-	-	-
Corporate services		-	20,457	20,786	20,421	20,962	-	-	-	-
Community and public safety		46,854	50,897	47,709	45,498	43,284	-	-	-	-
Community and social services		16,727	16,496	17,571	17,108	16,564	-	-	-	-
Sport and recreation		7,995	14,411	9,462	9,522	9,666	-	-	-	-
Public safety		21,725	19,872	20,608	18,868	17,054	-	-	-	-
Housing		4	-	-	-	-	-	-	-	-
Health		403	118	67	0	0	-	-	-	-
Economic and environmental services		49,627	52,341	51,574	32,398	28,720	-	-	-	-
Planning and development		29,433	24,476	16,574	12,847	13,189	-	-	-	-
Road transport		20,195	27,865	34,999	19,551	15,531	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		150,132	147,323	182,156	149,268	152,873	-	-	-	-
Electricity		76,746	77,439	96,904	91,879	93,156	-	-	-	-
Water		45,600	44,188	56,248	34,901	37,325	-	-	-	-
Waste water management		12,260	8,334	10,495	5,960	6,920	-	-	-	-
Waste management		15,525	17,362	18,509	16,528	15,471	-	-	-	-
Other	4	3,664	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	302,377	342,238	357,937	314,078	312,158	-	-	-	-
Surplus/(Deficit) for the year		33,089	32,102	32,142	112,531	128,478	-	-	-	-

**References**

1. Government Finance Statistics Functions and Sub-functions are standardised to assist the compilation of national and international accounts for comparison purposes
2. Total Revenue by standard classification must reconcile to Total Operating Revenue shown in Budgeted Financial Performance (revenue and expenditure)
3. Total Expenditure by Standard Classification must reconcile to Total Operating Expenditure shown in Budgeted Financial Performance (revenue and expenditure)
4. All amounts must be classified under a standard classification (modified GFS). The GFS function 'Other' is only for Abattoirs, Air Transport, Markets and Tourism - and if used must be supported by footnotes. Nothing else may be placed under 'Other'. Assign associate share to relevant classification



NC452 Ga-Segonyana - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description		Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Revenue by Vote</b>											
Vote 1 - EXECUTIVE & COUNCIL		1	10,430	12,682	15,484	14,753	14,753	-	-	-	-
Vote 2 - BUDGET & TREASURY			23,099	42,149	41,356	48,009	48,368	-	-	-	-
Vote 3 - CORPORATE SERVICES			-	339	399	1,405	1,205	-	-	-	-
Vote 4 - PLANNING & DEVELOPMENT			24,253	12,718	22,996	27,951	22,805	-	-	-	-
Vote 5 - HEALTH			33	32	35	70	70	-	-	-	-
Vote 6 - COMMUNITY & SOCIAL SERVICES			1,101	1,379	1,578	2,745	2,989	-	-	-	-
Vote 7 - PUBLIC SAFETY			6,852	18,946	7,429	6,703	6,860	-	-	-	-
Vote 8 - WASTE WATER MANAGEMENT			11,215	25,751	33,264	38,987	30,553	-	-	-	-
Vote 9 - ROAD TRANSPORT			7,506	25,780	17,122	27,121	31,617	-	-	-	-
Vote 10 - WATER			115,991	107,835	113,021	96,187	115,697	-	-	-	-
Vote 11 - Electricity			100,139	100,514	108,988	128,880	131,930	-	-	-	-
Vote 12 - WASTE MANAGEMENT			33,691	24,031	27,645	32,764	32,713	-	-	-	-
Vote 13 - SPORTS & RECREATION			1,106	2,184	763	1,031	1,074	-	-	-	-
Vote 14 - OTHER			49	-	-	-	-	-	-	-	-
Vote 15 - HOUSING			-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>		2	<b>335,466</b>	<b>374,340</b>	<b>390,079</b>	<b>426,609</b>	<b>440,636</b>	-	-	-	-
<b>Expenditure by Vote to be appropriated</b>											
Vote 1 - EXECUTIVE & COUNCIL		1	23,968	23,972	20,224	25,515	20,479	-	-	-	-
Vote 2 - BUDGET & TREASURY			28,131	47,249	35,488	40,977	45,840	-	-	-	-
Vote 3 - CORPORATE SERVICES			-	20,457	20,786	20,421	20,962	-	-	-	-
Vote 4 - PLANNING & DEVELOPMENT			29,433	24,476	16,574	12,847	13,189	-	-	-	-
Vote 5 - HEALTH			403	118	67	0	0	-	-	-	-
Vote 6 - COMMUNITY & SOCIAL SERVICES			16,727	16,496	17,571	17,108	16,564	-	-	-	-
Vote 7 - PUBLIC SAFETY			21,725	19,872	20,608	18,868	17,054	-	-	-	-
Vote 8 - WASTE WATER MANAGEMENT			12,260	8,334	10,495	5,960	6,920	-	-	-	-
Vote 9 - ROAD TRANSPORT			20,195	27,865	34,999	19,551	15,531	-	-	-	-
Vote 10 - WATER			45,600	44,188	56,248	34,901	37,325	-	-	-	-
Vote 11 - Electricity			76,746	77,439	96,904	91,879	93,156	-	-	-	-
Vote 12 - WASTE MANAGEMENT			15,525	17,362	18,509	16,528	15,471	-	-	-	-
Vote 13 - SPORTS & RECREATION			7,995	14,411	9,462	9,522	9,666	-	-	-	-
Vote 14 - OTHER			3,664	-	-	-	-	-	-	-	-
Vote 15 - HOUSING			4	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>		2	<b>302,377</b>	<b>342,238</b>	<b>357,937</b>	<b>314,078</b>	<b>312,158</b>	-	-	-	-
<b>Surplus/(Deficit) for the year</b>		2	<b>33,089</b>	<b>32,102</b>	<b>32,142</b>	<b>112,531</b>	<b>128,478</b>	-	-	-	-
<b>References</b>											

**References**

1. Insert 'Vote'; e.g. department, if different to standard classification structure
2. Must reconcile to Budgeted Financial Performance (revenue and expenditure)
3. Assign share in 'associate' to relevant Vote

NC452 Ga-Segonyana - Table A4 Budgeted Financial Performance (revenue and expenditure)

NC452 Ga-Segonyana - Table A4 Budgeted Financial Performance (revenue and expenditure)										2017/18 Medium Term Revenue & Expenditure Framework		
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome				
<b>Revenue By Source</b>												
Property rates	2	19,813	30,538	31,172	36,980	36,880	-	-	-	-	-	
Property rates - penalties & collection charges												
Service charges - electricity revenue	2	64,473	66,996	65,351	84,119	87,169	-	-	-	-	-	
Service charges - water revenue	2	15,782	15,894	15,654	17,957	18,021	-	-	-	-	-	
Service charges - sanitation revenue	2	9,175	10,429	11,444	11,833	12,133	-	-	-	-	-	
Service charges - refuse revenue	2	6,365	6,993	7,394	9,010	9,010	-	-	-	-	-	
Service charges - other												
Rental of facilities and equipment		1,243	2,352	1,974	1,239	1,517	-	-	-	-	-	
Interest earned - external investments		1,401	1,693	1,033	1,590	1,090	-	-	-	-	-	
Interest earned - outstanding debtors		1,285	4,073	5,016	5,268	5,768	-	-	-	-	-	
Dividends received				-		-			-	-	-	
Fines		8,339	13,999	2,168	1,304	1,304	-	-	-	-	-	
Licences and permits		3,815	4,585	4,511	3,056	3,210	-	-	-	-	-	
Agency services					1,984	1,984	-	-	-	-	-	
Transfers recognised - operational		89,604	100,561	129,298	122,201	122,431	-	-	-	-	-	
Other revenue	2	38,026	31,154	23,900	22,747	18,532	-	-	-	-	-	
Gains on disposal of PPE		196	-						-	-	-	
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>259,516</b>	<b>289,268</b>	<b>298,914</b>	<b>319,288</b>	<b>319,148</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Expenditure By Type</b>												
Employee related costs	2	75,814	90,554	97,473	110,536	106,378	-	-	-	-	-	
Remuneration of councillors		6,743	7,002	7,638	7,471	5,171	-	-	-	-	-	
Debt impairment	3	(1,440)	50	-	537	537	-	-	-	-	-	
Depreciation & asset impairment	2	43,157	45,604	50,190	19,846	19,846	-	-	-	-	-	
Finance charges		2,652	5,319	6,252	2,512	2,512	-	-	-	-	-	
Bulk purchases	2	61,139	59,422	-	74,556	74,556	-	-	-	-	-	
Other materials	8			68,815	43,996	43,793	-	-	-	-	-	
Contracted services		3,050	8,454	8,898	23,422	10,587	-	-	-	-	-	
Transfers and grants		-	-	-	-	-	-	-	-	-	-	
Other expenditure	4, 5	111,261	125,829	118,671	31,202	48,777	-	-	-	-	-	
Loss on disposal of PPE		-	6	-					-	-	-	
<b>Total Expenditure</b>		<b>302,377</b>	<b>342,238</b>	<b>357,937</b>	<b>314,078</b>	<b>312,158</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Surplus/(Deficit)</b>		<b>(42,861)</b>	<b>(52,970)</b>	<b>(59,023)</b>	<b>5,210</b>	<b>6,990</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Transfers recognised - capital		75,950	85,072	91,165	107,321	121,488	-	-	-	-	-	
Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-	
Contributed assets		-	-	-	-	-	-	-	-	-	-	
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>33,089</b>	<b>32,102</b>	<b>32,142</b>	<b>112,531</b>	<b>128,478</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Taxation												
<b>Surplus/(Deficit) after taxation</b>		<b>33,089</b>	<b>32,102</b>	<b>32,142</b>	<b>112,531</b>	<b>128,478</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Attributable to minorities												
<b>Surplus/(Deficit) attributable to municipality</b>		<b>33,089</b>	<b>32,102</b>	<b>32,142</b>	<b>112,531</b>	<b>128,478</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Share of surplus/ (deficit) of associate	7											
<b>Surplus/(Deficit) for the year</b>		<b>33,089</b>	<b>32,102</b>	<b>32,142</b>	<b>112,531</b>	<b>128,478</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	

**References**

1. Classifications are revenue sources and expenditure type
2. Detail to be provided in Table SA1
3. Previously described as 'bad or doubtful debts' - amounts shown should reflect the change in the provision for debt impairment
4. Expenditure type components previously shown under repairs and maintenance should be allocated back to the originating expenditure group/item; e.g. employee costs
5. Repairs & maintenance detailed in Table A9 and Table SA34c
6. Contributions are funds provided by external organisations to assist with infrastructure development; e.g. developer contributions (detail to be provided in Table SA1)
7. Equity method

NC452 Ga-Segonyana - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>	<b>1</b>										
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	<b>2</b>										
Vote 1 - EXECUTIVE & COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - BUDGET & TREASURY		-	-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 4 - PLANNING & DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Vote 5 - HEALTH		-	-	-	-	-	-	-	-	-	-
Vote 6 - COMMUNITY & SOCIAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 7 - PUBLIC SAFETY		-	-	-	-	-	-	-	-	-	-
Vote 8 - WASTE WATER MANAGEMENT		-	-	-	-	-	-	-	-	-	-
Vote 9 - ROAD TRANSPORT		-	-	-	-	-	-	-	-	-	-
Vote 10 - WATER		-	-	-	-	-	-	-	-	-	-
Vote 11 - Electricity		-	-	-	-	-	-	-	-	-	-
Vote 12 - WASTE MANAGEMENT		-	-	-	-	-	-	-	-	-	-
Vote 13 - SPORTS & RECREATION		-	-	-	-	-	-	-	-	-	-
Vote 14 - OTHER		-	-	-	-	-	-	-	-	-	-
Vote 15 - HOUSING		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	<b>7</b>	-	-	-	-	-	-	-	-	-	-
<b>Single-year expenditure to be appropriated</b>	<b>2</b>										
Vote 1 - EXECUTIVE & COUNCIL		523	863	340	1,700	1,650	-	-	-	-	-
Vote 2 - BUDGET & TREASURY		961	-	155	190	90	-	-	-	-	-
Vote 3 - CORPORATE SERVICES		-	4,989	455	184	463	-	-	-	-	-
Vote 4 - PLANNING & DEVELOPMENT		10,019	11,308	2,050	12,031	6,333	-	-	-	-	-
Vote 5 - HEALTH		-	-	-	-	-	-	-	-	-	-
Vote 6 - COMMUNITY & SOCIAL SERVICES		324	-	380	50	50	-	-	-	-	-
Vote 7 - PUBLIC SAFETY		1,811	-	-	-	-	-	-	-	-	-
Vote 8 - WASTE WATER MANAGEMENT		4,662	8,064	11,032	17,520	17,520	-	-	-	-	-
Vote 9 - ROAD TRANSPORT		22,323	19,302	36,453	26,860	31,356	-	-	-	-	-
Vote 10 - WATER		74,307	59,331	66,892	68,909	84,769	-	-	-	-	-
Vote 11 - Electricity		6,186	-	1,500	-	2,000	-	-	-	-	-
Vote 12 - WASTE MANAGEMENT		-	-	-	-	-	-	-	-	-	-
Vote 13 - SPORTS & RECREATION		-	-	-	-	-	-	-	-	-	-
Vote 14 - OTHER		-	-	-	-	-	-	-	-	-	-
Vote 15 - HOUSING		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		<b>121,115</b>	<b>103,857</b>	<b>119,057</b>	<b>127,435</b>	<b>144,231</b>	-	-	-	-	-
<b>Total Capital Expenditure - Vote</b>		<b>121,115</b>	<b>103,857</b>	<b>119,057</b>	<b>127,435</b>	<b>144,231</b>	-	-	-	-	-
<b>Capital Expenditure - Standard</b>											
<b>Governance and administration</b>		<b>1,483</b>	<b>5,852</b>	<b>950</b>	<b>2,074</b>	<b>2,203</b>	-	-	-	-	-
Executive and council		523	863	340	1,700	1,650	-	-	-	-	-
Budget and treasury office		961	-	155	190	90	-	-	-	-	-
Corporate services		-	4,989	455	184	463	-	-	-	-	-
<b>Community and public safety</b>		<b>2,135</b>	<b>-</b>	<b>380</b>	<b>50</b>	<b>50</b>	-	-	-	-	-
Community and social services		324	-	380	50	50	-	-	-	-	-
Sport and recreation		-	-	-	50	50	-	-	-	-	-
Public safety		1,811	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		<b>32,343</b>	<b>30,610</b>	<b>38,503</b>	<b>36,891</b>	<b>37,689</b>	-	-	-	-	-
Planning and development		10,019	11,308	2,050	12,031	6,333	-	-	-	-	-
Road transport		22,323	19,302	36,453	26,860	31,356	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		<b>85,154</b>	<b>67,395</b>	<b>79,224</b>	<b>86,420</b>	<b>104,289</b>	-	-	-	-	-
Electricity		6,186	-	1,500	-	2,000	-	-	-	-	-
Water		74,307	59,331	66,892	68,909	84,769	-	-	-	-	-
Waste water management		4,662	8,064	11,032	17,520	17,520	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-
<b>Other</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	-	-	-	-	-
<b>Total Capital Expenditure - Standard</b>	<b>3</b>	<b>121,115</b>	<b>103,857</b>	<b>119,057</b>	<b>127,435</b>	<b>144,231</b>	-	-	-	-	-
<b>Funded by:</b>											
National Government		113,332	94,868	104,536	107,321	121,488	-	-	-	-	-
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	<b>4</b>	<b>113,332</b>	<b>94,868</b>	<b>104,536</b>	<b>107,321</b>	<b>121,488</b>	-	-	-	-	-
Public contributions & donations	<b>5</b>	<b>-</b>	<b>5,159</b>	<b>13,141</b>	<b>15,000</b>	<b>15,000</b>	-	-	-	-	-
Borrowing	<b>6</b>	<b>2,316</b>	<b>-</b>	<b>-</b>	<b>1,000</b>	<b>1,000</b>	-	-	-	-	-
Internally generated funds		5,468	3,830	1,380	3,514	6,143	-	-	-	-	-
<b>Total Capital Funding</b>	<b>7</b>	<b>121,115</b>	<b>103,857</b>	<b>119,057</b>	<b>127,435</b>	<b>144,231</b>	-	-	-	-	-

**References:**

- Municipalities may choose to appropriate for capital expenditure for three years or for one year (if one year appropriation projected expenditure required for yr2 and yr3).
- Include capital component of PPP unitary payment. Note that capital transfers are only appropriated to municipalities for the budget year.
- Capital expenditure by standard classification must reconcile to the appropriations by vote.
- Must reconcile to supporting table SA20 and to Budgeted Financial Performance (revenue and expenditure).
- Must reconcile to Budgeted Financial Performance (revenue and expenditure).
- Include finance leases and PPP capital funding component of unitary payment - total borrowing repayments to reconcile to changes in Table SA17.
- Total Capital Funding must balance with Total Capital Expenditure.
- Include any capitalised interest (MFMA section 46) as part of relevant capital budget.

NC452 Ga-Segonyana - Table A6 Budgeted Financial Position

NC452 Ga-Segonyana - Table A6 Budgeted Financial Position											
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
ASSETS											
Current assets											
Cash		12,544	812	532	621	288	-	-	-	-	-
Call investment deposits	1	-	-	-	-	-	-	-	-	-	-
Consumer debtors	1	16,422	21,778	41,545	61,183	51,183	-	-	-	-	-
Other debtors		7,481	18,523	29,459	11,504	11,195	-	-	-	-	-
Current portion of long-term receivables			4,114				-	-	-	-	-
Inventory	2	26,640	22,902	21,040	19,182	19,182	-	-	-	-	-
Total current assets		63,087	68,129	92,577	92,491	81,848	-	-	-	-	-
Non current assets											
Long-term receivables			390	49	250	49	-	-	-	-	-
Investments							-	-	-	-	-
Investment property		1,500	6,961	6,961	1,705	6,961	-	-	-	-	-
Investment in Associate							-	-	-	-	-
Property, plant and equipment	3	974,443	981,183	1,046,995	1,182,204	1,182,204	-	-	-	-	-
Agricultural							-	-	-	-	-
Biological							-	-	-	-	-
Intangible		658	572	539	314	539	-	-	-	-	-
Other non-current assets		1,650	1,650	1,650	1,650	1,650	-	-	-	-	-
Total non current assets		978,251	990,758	1,056,194	1,186,123	1,191,404	-	-	-	-	-
TOTAL ASSETS		1,041,338	1,058,884	1,148,771	1,278,614	1,273,251	-	-	-	-	-
LIABILITIES											
Current liabilities											
Bank overdraft	1		181	-						-	-
Borrowing	4	3,293	2,916	5,948	3,076	3,076	-	-	-	-	-
Consumer deposits		2,056	3,076	3,781	3,341	3,341	-	-	-	-	-
Trade and other payables	4	33,171	54,235	110,068	35,675	35,675	-	-	-	-	-
Provisions		1,136	780	1,155	1,004	1,004	-	-	-	-	-
Total current liabilities		40,256	61,188	120,952	43,096	43,096	-	-	-	-	-
Non current liabilities											
Borrowing		24,991	22,461	21,115	19,906	19,906	-	-	-	-	-
Provisions		32,967	33,557	32,839	-	32,839	-	-	-	-	-
Total non current liabilities		57,958	56,018	53,953	19,906	52,745	-	-	-	-	-
TOTAL LIABILITIES		98,215	117,206	174,905	63,002	95,841	-	-	-	-	-
NET ASSETS	5	943,123	941,678	973,866	1,215,611	1,177,410	-	-	-	-	-
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		908,553	920,841	953,029	1,215,611	1,177,410	-	-	-	-	-
Reserves	4	34,570	20,837	20,837	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	943,123	941,678	973,866	1,215,611	1,177,410	-	-	-	-	-

## References

1. Detail to be provided in Table SA3
2. Include completed low cost housing to be transferred to beneficiaries within 12 months
3. Include 'Construction-work-in-progress' (disclosed separately in annual financial statements)
4. Detail to be provided in Table SA3. Includes reserves to be funded by statute.
5. Net assets must balance with Total Community Wealth/Equity

NC452 Ga-Segonyana - Table A7 Budgeted Cash Flows

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		12,414	17,045	27,243	33,282	33,192	-	-	-	-	-
Service charges		96,112	64,048	76,244	110,627	112,436	-	-	-	-	-
Other revenue		41,729	60,735	11,271	30,330	26,646	-	-	-	-	-
Government - operating	1	93,983	102,916	137,388	122,201	122,431	-	-	-	-	-
Government - capital	1	65,916	91,055	94,754	107,321	121,488	-	-	-	-	-
Interest		1,401	1,693	6,050	6,858	6,858	-	-	-	-	-
Dividends							-	-	-	-	-
Payments											
Suppliers and employees		(192,041)	(237,662)	(231,151)	(291,182)	(289,262)	-	-	-	-	-
Finance charges		(2,652)	(5,319)	(8,252)	(2,512)	(2,512)	-	-	-	-	-
Transfers and Grants	1				-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		116,861	94,512	115,546	116,925	131,277	-	-	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		439	13	1,388		355					
Decrease (increase) in non-current debtors				340							
Decrease (increase) other non-current receivables				-							
Decrease (increase) in non-current investments			(390)	-							
Payments											
Capital assets		(121,115)	(103,857)	(119,057)	(127,435)	(129,231)	-	-	-	-	-
NET CASH FROM/(USED) INVESTING ACTIVITIES		(120,676)	(104,234)	(117,329)	(127,435)	(128,876)	-	-	-	-	-
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans											
Borrowing long term/refinancing		(1,472)		1,838							
Increase (decrease) in consumer deposits											
Payments											
Repayment of borrowing		(2,063)	(2,191)	(154)	(2,416)	(2,416)	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(3,535)	(2,191)	1,685	(2,416)	(2,416)	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		(7,350)	(11,913)	(99)	(12,926)	(15)	-	-	-	-	-
Cash/cash equivalents at the year begin:	2	19,894	12,544	631	13,547	532	-	-	-	-	-
Cash/cash equivalents at the year end:	2	12,544	631	532	621	518	-	-	-	-	-
References:											

**References:**

1. Local/District municipalities to include transfers from/to District/Local Municipalities
2. Cash equivalents includes investments with maturities of 3 months or less

NC452 Ga-Segonyana - Table A8 Cash backed reserves/accumulated surplus reconciliation

NC452 Ga-Segonyana - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	12,544	631	532	621	288	-	-	-	-	-
Other current investments > 90 days		-	-	-	-	0	-	-	-	-	-
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		12,544	631	532	621	288	-	-	-	-	-
Application of cash and investments											
Unspent conditional transfers		6,070	7,944	8,911	6,743	6,743	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	4,585	-	-	-	-	-	-
Other working capital requirements	3	5,763	15,431	52,789	(36,074)	(26,043)	-	-	-	-	-
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		11,833	23,376	61,700	(24,746)	(19,300)	-	-	-	-	-
Surplus(shortfall)		711	(22,745)	(61,168)	25,367	19,588	-	-	-	-	-

**References**

1. Must reconcile with Budgeted Cash Flows
2. For example: VAT, taxation
3. Council approval for policy required - include sufficient working capital (e.g. allowing for a % of current debtors > 90 days as uncollectable)
4. For example: sinking fund requirements for borrowing
5. Council approval required for each reserve created and basis of cash backing of reserves



NC452 Ga-Segonyana - Table A9 Asset Management

W492 Ga-Segonyala - Table A9 Asset Management										
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
CAPITAL EXPENDITURE										
<b>Total New Assets</b>	1	121,115	103,857	119,057	127,435	130,064	-	-	-	-
Infrastructure - Road transport		22,323	19,302	36,453	26,860	31,356	-	-	-	-
Infrastructure - Electricity		6,186	-	1,500	-	-	-	-	-	-
Infrastructure - Water		74,307	50,331	66,602	68,900	72,601	-	-	-	-
Infrastructure - Sanitation		4,662	8,064	11,032	17,520	17,520	-	-	-	-
Infrastructure - Other		3,231	-	-	2,500	1,343	-	-	-	-
Infrastructure		110,708	86,697	115,677	115,780	122,821	-	-	-	-
Community		-	6,294	-	6,541	2,500	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	839	4,936	-	-	-	-	-	-	-
Agricultural Assets		9,568	5,877	3,249	5,034	4,663	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	53	131	80	80	-	-	-	-
<b>Total Renewal of Existing Assets</b>	2	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure</b>	4	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		22,323	19,302	36,453	26,860	31,356	-	-	-	-
Infrastructure - Electricity		6,186	-	1,500	-	-	-	-	-	-
Infrastructure - Water		74,307	50,331	66,602	68,900	72,601	-	-	-	-
Infrastructure - Sanitation		4,662	8,064	11,032	17,520	17,520	-	-	-	-
Infrastructure - Other		3,231	-	-	2,500	1,343	-	-	-	-
Infrastructure		110,708	86,697	115,677	115,780	122,821	-	-	-	-
Community		-	6,294	-	6,541	2,500	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	839	4,936	-	-	-	-	-	-	-
Agricultural Assets		9,568	5,877	3,249	5,034	4,663	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	53	131	80	80	-	-	-	-
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	2	121,115	103,857	119,057	127,435	130,064	-	-	-	-
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>	5									
Infrastructure - Road transport		262,188	345,616	362,100	335,653	335,653	-	-	-	-
Infrastructure - Electricity		93,867	104,889	106,369	96,867	96,867	-	-	-	-
Infrastructure - Water		371,178	398,125	463,192	458,559	455,099	-	-	-	-
Infrastructure - Sanitation		135,678	8,815	19,847	174,353	174,353	-	-	-	-
Infrastructure - Other		-	7,068	7,068	12,541	12,541	-	-	-	-
Infrastructure		862,911	864,512	958,595	1,077,973	1,074,513	-	-	-	-
Community		-	8,970	4,437	7,709	7,709	-	-	-	-
Heritage assets		1,650	1,650	1,650	1,666	1,666	-	-	-	-
Investment properties		1,500	6,961	6,961	1,705	6,961	-	-	-	-
Other assets		111,531	107,701	83,963	84,836	94,836	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		658	572	539	314	539	-	-	-	-
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	978,251	990,366	1,056,145	1,184,223	1,186,269	-	-	-	-
<b>EXPENDITURE OTHER ITEMS</b>										
<b>Depreciation &amp; asset impairment</b>	3	43,157	45,604	50,190	19,846	19,846	-	-	-	-
<b>Repairs and Maintenance by Asset Class</b>		44,707	22,178	28,703	43,995	43,793	-	-	-	-
Infrastructure - Road transport		9,270	4,562	4,895	3,869	3,666	-	-	-	-
Infrastructure - Electricity		3,961	1,521	3,623	1,612	1,612	-	-	-	-
Infrastructure - Water		7,756	1,546	6,891	23,106	23,106	-	-	-	-
Infrastructure - Sanitation		1,413	570	2,589	500	500	-	-	-	-
Infrastructure - Other		305	456	2,653	3,700	3,700	-	-	-	-
Infrastructure		22,705	8,656	20,652	32,787	32,584	-	-	-	-
Community		300	302	-	591	591	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	21,703	13,220	8,652	10,618	10,618	-	-	-	-
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		87,864	67,762	78,893	63,842	63,639	-	-	-	-
<b>Renewal of Existing Assets as % of total capex</b>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Renewal of Existing Assets as % of deprecn</b>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>R&amp;M as a % of PPE</b>		4.6%	2.3%	2.7%	3.7%	3.7%	0.0%	0.0%	0.0%	0.0%
<b>Renewal and R&amp;M as a % of PPE</b>		5.0%	2.0%	3.0%	4.0%	4.0%	0.0%	0.0%	0.0%	0.0%
References										

## References

1. Detail of new assets provided in Table SA34a
2. Detail of renewal of existing assets provided in Table SA34b
3. Detail of Repairs and Maintenance by Asset Class provided in Table SA34c
4. Must reconcile to total capital expenditure on Budgeted Capital Expenditure
5. Must reconcile to 'Budgeted Financial Position' (written down value)
6. Donated/contributed and assets funded by finance leases to be allocated to the respective category

NC452 Ga-Segonyana - Table A10 Basic service delivery measurement

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Household service targets</b>										
<b>Water:</b>										
Piped water inside dwelling	1	5,251	7,248	7,248	9,185	9,185	-	-	-	-
Piped water inside yard (but not in dwelling)		5,244	1,812	1,812	-	-	-	-	-	-
Using public tap (at least min.service level)	2	14,489	17,363	17,363	-	-	-	-	-	-
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
Minimum Service Level and Above sub-total		24,984	26,423	26,423	9,185	9,185	-	-	-	-
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	24,081	24,081	30,516	30,516	-	-	-	-
No water supply		254	2,352	2,352	2,980	2,980	-	-	-	-
Below Minimum Service Level sub-total		254	26,433	26,433	33,496	33,496	-	-	-	-
Total number of households	5	25,218	52,856	52,856	42,681	42,681	-	-	-	-
<b>Sanitation/sewerage:</b>										
Flush toilet (connected to sewerage)		8,271	7,248	7,248	9,185	9,185	-	-	-	-
Flush toilet (with septic tank)		659	15,349	15,349	19,450	19,450	-	-	-	-
Chemical toilet		285	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		2,923	2,512	2,512	3,184	3,184	-	-	-	-
Other toilet provisions (> min.service level)		11,205	13,446	13,446	-	-	-	-	-	-
Minimum Service Level and Above sub-total		21,323	38,556	38,556	31,819	31,819	-	-	-	-
Bucket toilet		402	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		522	9,054	9,054	11,474	11,474	-	-	-	-
No toilet provisions		2,600	1,816	1,816	2,301	2,301	-	-	-	-
Below Minimum Service Level sub-total		3,424	10,870	10,870	13,775	13,775	-	-	-	-
Total number of households	5	24,747	49,426	49,426	45,593	45,593	-	-	-	-
<b>Energy:</b>										
Electricity (at least min.service level)		-	10,707,748	10,707,749	13,588,860	13,588,860	-	-	-	-
Electricity - prepaid (min.service level)		-	6,841	6,841	8,415	8,415	-	-	-	-
Minimum Service Level and Above sub-total		-	10,714,590	10,714,590	13,577,275	13,577,275	-	-	-	-
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	31,165	31,165	39,492	39,492	-	-	-	-
Other energy sources		-	31,165	31,165	39,492	39,492	-	-	-	-
Below Minimum Service Level sub-total		-	31,165	31,165	39,492	39,492	-	-	-	-
Total number of households	5	-	10,745,555	10,745,555	13,616,767	13,616,767	-	-	-	-
<b>Refuse:</b>										
Removed at least once a week		4,785	57,793	57,793	73,235	73,235	-	-	-	-
Minimum Service Level and Above sub-total		4,785	57,793	57,793	73,235	73,235	-	-	-	-
Removed less frequently than once a week		110	76	76	96	96	-	-	-	-
Using communal refuse dump		1,064	-	-	-	-	-	-	-	-
Using own refuse dump		11,990	23,157	23,157	29,344	29,344	-	-	-	-
Other rubbish disposal		1,830	-	-	-	-	-	-	-	-
No rubbish disposal		1,364	10,116	10,116	12,819	12,819	-	-	-	-
Below Minimum Service Level sub-total		16,367	33,349	33,349	42,259	42,259	-	-	-	-
Total number of households	5	21,152	91,142	91,142	115,495	115,495	-	-	-	-
<b>Households receiving Free Basic Service</b>										
Water (6 kilolitres per household per month)	7	-	-	-	3,253	3,089	-	-	-	-
Sanitation (free minimum level service)		-	-	-	3,253	3,089	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-
<b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>										
Water (6 kilolitres per indigent household per month)	8	-	-	-	64	-	-	-	-	-
Sanitation (free sanitation service to indigent households)		-	-	-	1,800	1,800	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		-	-	-	1,864	1,800	-	-	-	-
Total cost of FBS provided		-	-	-	-	-	-	-	-	-
<b>Highest level of free service provided per household</b>										
Property rates (R value threshold)		15,000	15,000	15,000	15,000	15,000	-	-	-	-
Water (kilolitres per household per month)		6	6	6	6	6	-	-	-	-
Sanitation (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (Rand per household per month)		50	50	50	50	50	-	-	-	-
Electricity (kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (average litres per week)		-	-	-	-	-	-	-	-	-
<b>Revenue cost of subsidised services provided (R'000)</b>										
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)	9	-	-	-	-	-	-	-	-	-
Property rates, exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		2,258	1,745	1,806	2,094	2,194	-	-	-	-
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		1,180	-	-	-	1,800	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-
Housing - top structure subsidies		-	-	-	-	-	-	-	-	-
Other	6	-	-	-	-	-	-	-	-	-
Total revenue cost of subsidised services provided		3,438	1,745	1,806	2,094	3,994	-	-	-	-

References

1. include services provided by another entity, e.g. Eskom
2. Stand distance <= 200m from dwelling
3. Stand distance > 200m from dwelling
4. Borehole, spring, rain-water tank etc.
5. Must agree to total number of households in municipal area (informal settlements receiving services must be included)
6. include value of subsidy provided by municipality above provincial subsidy level
7. Show number of households receiving at least these levels of services completely free (informal settlements must be included)
8. Must reflect the cost to the municipality of providing the Free Basic Service

NC452 Ga-Segonyana - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Supporting Table A1: Supporting detail to 'Budgeted Financial Performance'											
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
<b>REVENUE ITEMS:</b>											
<b>Property rates</b>											
Total Property Rates	6	22,071	32,283	32,977	39,074	39,074					
less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)		2,258	1,745	1,806	2,094	2,194	-	-	-	-	-
Net Property Rates		19,813	30,538	31,172	36,980	36,880	-	-	-	-	-
<b>Service charges - electricity revenue</b>											
Total Service charges - electricity revenue	6	85,653	88,996	85,351	85,919	88,969					
less Revenue Foregone (in excess of 50 kwh per indigent household per month)		1,180				1,800					
less Cost of Free Basis Services (50 kwh per indigent household per month)		-	-	-	1,800	1,800	-	-	-	-	-
Net Service charges - electricity revenue		84,473	88,996	85,351	84,119	85,369	-	-	-	-	-
<b>Service charges - water revenue</b>											
Total Service charges - water revenue	6	15,782	15,894	15,654	18,021	18,821					
less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)		-	-	-	64	-					
less Cost of Free Basis Services (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-	-
Net Service charges - water revenue		15,782	15,894	15,654	17,957	18,821	-	-	-	-	-
<b>Service charges - sanitation revenue</b>											
Total Service charges - sanitation revenue		9,175	10,429	11,444	11,833	12,133					
less Revenue Foregone (in excess of free sanitation service to indigent households)		-	-	-	-	-					
less Cost of Free Basis Services (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-	-
Net Service charges - sanitation revenue		9,175	10,429	11,444	11,833	12,133	-	-	-	-	-
<b>Service charges - refuse revenue</b>											
Total refuse removal revenue	6	6,365	6,993	7,394	9,010	9,010					
less Revenue Foregone (in excess of one removal a week to indigent households)		-	-	-	-	-					
less Cost of Free Basis Services (removed once a week to indigent households)		-	-	-	-	-	-	-	-	-	-
Net Service charges - refuse revenue		6,365	6,993	7,394	9,010	9,010	-	-	-	-	-
<b>Other Revenue by source</b>											
Sale of Stands			4,250		15,000	15,000					
Other Revenue		38,026	26,904	23,900	1,906	2,479	-	-	-	-	-
Contribution to Bulk Services					4,000	500	-	-	-	-	-
Insurance Claim					200	200	-	-	-	-	-
Fees					155	52	-	-	-	-	-
Sundries					486	401	-	-	-	-	-
Total 'Other' Revenue	3	38,026	31,154	23,900	22,747	18,632	-	-	-	-	-
<b>EXPENDITURE ITEMS:</b>											
<b>Employee related costs</b>											
Basic Salaries and Wages	2	47,324	56,680	58,457	73,399	69,300	-	-	-	-	-
Pension and UIF Contributions		7,356	8,193	8,193	11,722	10,942	-	-	-	-	-
Medical Aid Contributions		3,300	3,711	3,711	4,969	4,884	-	-	-	-	-
Overtime		2,710	3,460	3,460	3,117	3,980	-	-	-	-	-
Performance Bonus							-	-	-	-	-
Motor Vehicle Allowance		2,024	2,360	2,360	3,049	2,863	-	-	-	-	-
Cellphone Allowance		246	271	271	330	638	-	-	-	-	-
Housing Allowances		1,954	2,466	2,466	3,177	2,985	-	-	-	-	-
Other benefits and allowances		9,569	10,862	16,005	9,430	10,667	-	-	-	-	-
Payments in lieu of leave		1,219	1,538	1,538	1,285	-	-	-	-	-	-
Long service awards		111	983	983	59	109	-	-	-	-	-
Post-retirement benefit obligations	4						-	-	-	-	-
Less: Employees costs capitalised to PPE	5	75,814	90,554	97,473	110,536	106,378	-	-	-	-	-
Total Employee related costs	1	75,814	90,554	97,473	110,536	106,378	-	-	-	-	-
<b>Contributions recognised - capital</b>											
Net contributions by contract											
Total Contributions recognised - capital											
<b>Depreciation &amp; asset impairment</b>											
Depreciation of Property, Plant & Equipment		43,157	45,604	50,190	19,846	19,846	-	-	-	-	-
Lease amortisation							-	-	-	-	-
Capital asset impairment							-	-	-	-	-
Depreciation resulting from revaluation of PPE							-	-	-	-	-
Total Depreciation & asset impairment	10	43,157	45,604	50,190	19,846	19,846	-	-	-	-	-
<b>Bulk purchases</b>											
Electricity Bulk Purchases		61,139	59,422	-	74,556	74,556	-	-	-	-	-
Water Bulk Purchases							-	-	-	-	-
Total bulk purchases	1	61,139	59,422	-	74,556	74,556	-	-	-	-	-
<b>Transfers and grants</b>											
Cash transfers and grants											



NC452 Ga-Segonyana - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

[illegible]



NC452 Ga-Segonyana - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

NC452 Ga-Segonyana - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)										2017/18 Medium Term Revenue & Expenditure Framework		
Strategic Objective	Goal	Goal Code	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast			
R thousand												
KPA 1: Basic Service Delivery	To ensure that systems are put in place to render sufficient refuse removal services to create a clean and wealthy environment for all residents of Ga-Segonyana			33,691	24,031	27,645	32,764	32,713	-	-	-	-
	To ensure that all existing cemeteries in wards 1, 3 and 13, as well as portion of ward 4, are registered and upgraded			37	32	32	212	214	-	-	-	-
	To ensure the provision of at least one community facility, or closed sport and recreational facility per ward			2,106	2,514	2,236	3,055	3,100	-	-	-	-
	To ensure systems and policies are put in place to ensure safe living conditions of all residents in Ga-Segonyana			6,852	18,275	7,429	6,703	6,860	-	-	-	-
	To ensure that all (100% of) all rural residential areas, with the exception of in-fills, have at least RDP level of water by the next local government elections			115,981	112,981	113,021	96,187	103,630	-	-	-	-
	To ensure that 70% of currently existing residents have access to sanitation facilities and services in accordance with national and provincial standards			11,215	25,755	33,204	38,987	30,553	-	-	-	-
	To ensure sufficient road network and transport services to all residents in the Ga-Segonyana municipal area			7,506	22,605	17,122	27,121	31,617	-	-	-	-
	To ensure that 100% of all households in wards 1, 3 and 13 have electricity connections			100,139	104,390	106,968	128,880	129,930	-	-	-	-
KPA 2: Good Governance and Public Participation	To ensure good governance in the Municipality			10,430	12,682	15,404	14,753	14,753	-	-	-	-
KPA 3: Institutional Transformation and Organisational Development	To ensure a working environment that enables performance and service delivery			98	104	107	580	590	-	-	-	-
	To ensure implementation of the Workplace Skills Plan			-	324	384	1,355	1,155	-	-	-	-
KPA 4: Local Economic Development	To create an enabling environment for economic growth and to reduce unemployment and alleviate poverty			24,303	10,681	23,010	28,001	22,855	-	-	-	-
KPA 5: Financial Viability and Management	To ensure sound financial management and financial sustainability of Gasegonyana Municipality			23,099	39,966	41,356	48,009	48,368	-	-	-	-
Allocations to other priorities				2								
Total Revenue (excluding capital transfers and contributions)				1	335,466	374,340	390,079	426,609	426,239	-	-	-

References

1. Total revenue must reconcile to Table A4 Budgeted Financial Performance (revenue and expenditure)



NC452 Ga-Segonyana - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Supporting Tables and Recommendation of IDP: strategic objectives and budget (operating expenditure)												
Strategic Objective	Goal	Goal Code	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand												
KPA 1: Basic Service Delivery	To ensure that systems are put in place to render sufficient refuse removal services to create a clean and wealthy environment for all			15,525	17,362	18,509	16,528	15,471	-	-	-	-
	To ensure that all existing cemeteries in wards 1, 3 and 13, as well as portion of ward 4, are registered and upgraded			1,852	1,020	1,020	1,638	1,150	-	-	-	-
	To ensure the provision of at least one community facility, or closed sport and recreational facility per ward			14,850	19,030	16,082	16,249	16,355	-	-	-	-
	To ensure systems and policies are put in place to ensure safe living conditions of all residents in Ga-Segonyana			21,725	19,872	20,608	18,858	17,054	-	-	-	-
	To ensure that all (100% of) all rural residential areas, with the exception of in-fills, have at least RDP level of water by the next			45,500	44,188	56,248	34,901	37,325	-	-	-	-
	To ensure that 70% of currently existing residents have access to sanitation facilities and services in accordance with national and			12,260	8,334	10,495	5,960	6,920	-	-	-	-
	To ensure sufficient road network and transport services to all residents in the Ga-Segonyana municipal area			20,195	27,655	34,999	19,551	15,531	-	-	-	-
	To ensure that 100% of all households in wards 1, 3 and 13 have electricity connections			76,746	77,439	96,904	91,879	93,156	-	-	-	-
KPA 2: Good Governance and Public Participation	To ensure good governance in the Municipality			23,968	23,972	20,224	25,515	20,479	-	-	-	-
KPA 3: Institutional Transformation and Organisational Development	To ensure a working environment that enables performance and service delivery			6,424	10,975	9,999	8,743	8,725	-	-	-	-
	To ensure implementation of the Workplace Skills Plan			-	19,117	19,446	18,745	19,316	-	-	-	-
KPA 4: Local Economic Development	To create an enabling environment for economic growth and to reduce unemployment and alleviate poverty			33,101	25,816	17,914	14,524	14,835	-	-	-	-
KPA 5: Financial Viability and Management	To ensure sound financial management and financial sustainability of Gasegonyana Municipality			28,131	47,249	35,488	40,977	45,840	-	-	-	-
Allocations to other priorities												
Total Expenditure				1	302,377	342,238	357,937	314,078	312,158	-	-	-
References												

1. Total expenditure must reconcile to Table A4 Budgeted Financial Performance (revenue and expenditure)

NC452 Ga-Segonyana - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

NC452 Ga-Segonyana - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)										2017/18 Medium Term Revenue & Expenditure Framework		
Strategic Objective	Goal	Goal Code	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast			
R thousand												
KPA 1: Basic Service Delivery	To ensure that systems are put in place to render sufficient refuse removal services to create a clean and wealthy environment for all. To ensure that all existing cemeteries in wards 1, 3 and 13, as well as portion of ward 4, are registered and upgraded. To ensure the provision of at least one community facility, or closed sport and recreational facility per ward. To ensure systems and policies are put in place to ensure safe living conditions of all residents in Ga-Segonyana. To ensure that all (100% of) all rural residential areas, with the exception of in-fills, have at least RDP level of water by the next. To ensure that 70% of currently existing residents have access to sanitation facilities and services in accordance with national and To ensure sufficient road network and transport services to all residents in the Ga-Segonyana municipal area. To ensure that 100% of all households in wards 1, 3 and 13 have electricity connections	A		-	-	-	-	-	-	-	-	-
		B		-	-	-	-	-	-	-	-	-
		C		-	-	-	-	-	-	-	-	-
		D		1,811	-	-	-	-	-	-	-	-
		E		74,307	59,331	66,692	68,900	72,601	-	-	-	-
		F		4,652	8,064	11,032	17,520	17,520	-	-	-	-
		G		22,323	19,302	35,453	26,860	31,356	-	-	-	-
		H		6,186	-	1,500	-	-	-	-	-	-
KPA 2: Good Governance and Public Participation	To ensure good governance in the Municipality	I		523	863	340	1,700	1,650	-	-	-	-
KPA 3: Institutional Transformation and Organisational Development	To ensure a working environment that enables performance and service delivery	J		324	-	380	50	50	-	-	-	-
	To ensure implementation of the Workplace Skills Plan	K		-	4,969	455	184	463	-	-	-	-
KPA 4: Local Economic Development	To create an enabling environment for economic growth and to reduce unemployment and alleviate poverty	L		10,019	11,308	2,050	12,031	6,333	-	-	-	-
KPA 5: Financial Viability and Management	To ensure sound financial management and financial sustainability of Gasegonyana Municipality	M		961	-	155	190	90	-	-	-	-
		N										
		O										
		P										
Allocations to other priorities			3						-	-	-	-
Total Capital Expenditure			1	121,115	103,857	119,057	127,435	130,064	-	-	-	-

References

1. Total capital expenditure must reconcile to Budgeted Capital Expenditure
2. Goal code must be used on Table SA35

NC452 Ga-Segonyana - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Water and Sanitation</b>										
Function 1 - Water										
To ensure sustainable delivery										
Basic level of water to ensure access to 60% free	Percentage of registered	100.0%	100.0%		100.0%					
Provide metered yard connections to all residents in	Number of households in	50.0%			50.0%					
Implementation of water and sanitation services	Number of 12 mega liter	100.0%			100.0%					
Function 2 - Roads										
Resealing of tarred roads: ward 1,2 and 13	km of tarred roads	20.0%			30.0%					
Maintenance of gravel roads according to scheduled	km gravel road graded	25.0%			35.0%					
Function 3: Electricity										
Develop and energy master plan	Number of electricity	100.0%								
Free Basic Services: Electricity to indigent	Number and percentage of	45.0%			100.0%					
Function 4 - Housing										
Support Provincial Human Settlements Department	1000 houses to be	35.0%			0.0%					
Sub-function 3 - (name)										
Public Works: Water and Sanitation										
Function 1 - Water										
Sub-function 1 - Management of Water										
Upgrading of bulk water supply	Number of boreholes drilled									
To increase the capacity of reservoirs in Kuruman	Reservoir study and	50.0%			50.0%					
Sub-function 2 - Water accessibility										
Install prepaid water meters on standpipes	Number of prepaid	25.0%			25.0%					
Yard connections	Percentage of new									
Sub-function 3 - Water reticulation										
ADP standard	Number of VILLAGES									
Function 2 - Sanitation										
Sub-function 1 - Eradication of backlogs										
Sanitation ward 4.9										
Expand sanitation capacity	Number of VIP installed				25.0%					
Sub-function 2 - Maintenance of sanitation	Purchase sucker trucks									
Effective waste management	No of health and hygiene									
Sub-function 3 - (name)										
Insert measure's description										
Public Works: Roads and Stormwater										
Function 1 - Roads										
Sub-function 1 - Road maintenance										
Resealing of tarred roads ward 1-13										
To upgrade gravel roads										
Sub-function 2 - Improving of roads	Number of KM gravelled									
Marking of all roads and ball mounds										
Upgrade of connector roads										
Sub-function 3 - Road safety										
Insert measure's description										
Function 2 - Stormwater										
Sub-function 2 - Stormwater drainage										
Insert measure's description										
Sub-function 2 - Maintenance										
Stormwater maintenance	Number of pits cleared	60.0%			60.0%					
Sub-function 3 - (name)										
Insert measure's description										
Electricity										
Function 1 - Electricity										
Sub-function 1 - Maintenance										
Street lights					35.0%					
Upgrade of electrical network	% of budget amount spent									
And so on for the rest of the Votes										

1. Include a measurable performance objective for each revenue source (within a relevant function) and each vote (MFMA s17(3)(b)).
2. Include all Basic Services performance targets from 'Basic Service Delivery' to ensure Table SA7 represents all strategic responsibilities.
3. Only include prior year comparative information for individual measures where relevant activity occurred in that year/s.

NC452 Ga-Segonyana - Entities measureable performance objectives

Description	Unit of measurement	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Entity 1 - (name of entity)										
Insert measure's description										
Entity 2 - (name of entity)										
Function 2 - Roads										
Entity 3 - (name of entity)										
Function 2 - Roads										
And so on for the rest of the Entities										

1. Include a measurable performance objective as agreed with the parent municipality (MFMA s17(3)(d)).
2. Only include prior year comparative information for individual measures where relevant activity occurred in that year/s.

NC452 Ga-Segonyana - Supporting Table SA8 Performance indicators and benchmarks

NC452 Ga-Segonyana - Supporting Table SA8 Performance indicators and benchmarks											
Description of financial indicator	Basis of calculation	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Borrowing Management</b>											
Credit Rating	Interest & Principal Paid /Operating Expenditure	1.8%	2.2%	1.8%	1.8%	1.8%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital Charges to Operating Expenditure	Finance charges & Repayment of borrowing /Own Revenue	2.8%	4.0%	3.8%	2.5%	2.5%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital Charges to Own Revenue	Borrowing/Capital expenditure excl. transfers and grants and contributions	-18.9%	0.0%	133.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Borrowed funding of 'own' capital expenditure	Long Term Borrowing/ Funds & Reserves	72.3%	107.8%	101.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Safety of Capital</b>											
Gearing	Long Term Borrowing/ Funds & Reserves	72.3%	107.8%	101.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Liquidity</b>											
Current Ratio	Current assets/current liabilities	1.6	1.1	0.8	2.1	1.9	-	-	-	-	-
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.6	1.1	0.8	2.1	1.9	-	-	-	-	-
Liquidity Ratio	Monetary Assets/Current Liabilities	0.3	0.0	0.0	0.0	0.0	-	-	-	-	-
<b>Revenue Management</b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		83.9%	62.0%	78.2%	90.0%	88.2%	0.0%	0.0%	0.0%	0.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		83.8%	62.0%	79.0%	90.0%	88.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	9.2%	15.5%	23.8%	22.8%	19.6%	0.0%	0.0%	0.0%	0.0%	0.0%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<b>Creditors Management</b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))	216.1%	7338.6%	19001.3%	4658.4%	10057.8%	0.0%	0.0%	0.0%	0.0%	0.0%
Creditors to Cash and Investments											
<b>Other Indicators</b>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)				1682557						
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated				0						
Water Distribution Losses (2)	Total Volume Losses (kL)				257						
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated				0						
Employee costs	Employee costs/(Total Revenue - capital revenue)	29.2%	31.3%	32.8%	34.6%	33.4%	0.0%	0.0%	0.0%	0.0%	0.0%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	31.8%	33.7%	0.0%	37.0%	35.0%	0.0%		0.0%	0.0%	0.0%
Repairs & Maintenance	RRM/(Total Revenue excluding capital revenue)	17.2%	7.7%	9.8%	13.8%	13.7%	0.0%		0.0%	0.0%	0.0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	17.7%	17.6%	18.8%	7.0%	7.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>IDP regulation financial viability indicators</b>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	43.7	30.4	18.3	21.3	21.3	21.3	-	-	-	-
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	20.6%	33.3%	53.4%	45.1%	37.8%	0.0%	0.0%	0.0%	0.0%	0.0%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.8	0.0	0.0	0.0	0.0	-	-	-	-	-

**References**

1. Consumer debtors > 12 months old are excluded from current assets
2. Only include if services provided by the municipality

[illegible]



















NC452 Ga-Segonyana Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	12,544	631	532	621	283	-	-	-	-	-
Cash + investments at the yr end less applications - R'000	18(1)b	2	711	(22,745)	(61,168)	25,367	19,568	-	-	-	-	-
Cash year end/monthly employee/supplier payments	18(1)b	3	0.0	0.0	0.0	0.0	0.0	-	-	-	-	-
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	33,089	32,102	32,142	112,531	114,001	-	-	-	-	-
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	7.2%	(5.6%)	16.0%	(3.9%)	(106.0%)	(5.0%)	(106.0%)	(6.0%)	(5.0%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	89.3%	75.8%	68.1%	89.1%	88.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	(1.2%)	0.0%	0.0%	0.3%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital payments % of capital expenditure	18(1)c,19	8	100.0%	100.0%	100.0%	100.0%	88.5%	0.0%	0.0%	0.0%	0.0%	0.0%
Borrowing receipts % of capital expenditure (excl transfers)	18(1)c	9	(15.5%)	0.0%	12.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	85.8%	59.9%	2.4%	(14.2%)	(100.0%)	0.0%	(100.0%)	0.0%	0.0%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	(87.5%)	406.2%	(80.2%)	(100.0%)	0.0%	(100.0%)	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	4.6%	2.3%	2.7%	3.7%	3.7%	0.0%	0.0%	0.0%	0.0%	0.0%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
References												

**References**

1. Positive cash balances indicative of minimum compliance - subject to 2
2. Deduct cash and investment applications (defined) from cash balances
3. Indicative of sufficient liquidity to meet average monthly operating payments
4. Indicative of funded operational requirements
5. Indicative of adherence to macro-economic targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)
6. Realistic average cash collection forecasts as % of annual billed revenue
7. Realistic average increase in debt impairment (doubtful debt) provision
8. Indicative of planned capital expenditure level & cash payment timing
9. Indicative of compliance with borrowing 'only' for the capital budget - should not exceed 100% unless refinancing
10. Substantiation of National/Province allocations included in budget
11. Indicative of realistic current arrears debtor collection targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)
12. Indicative of realistic long term arrears debtor collection targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)
13. Indicative of a credible allowance for repairs & maintenance of assets - functioning assets revenue protection
14. Indicative of a credible allowance for asset renewal (requires analysis of asset renewal projects as % of total capital projects - detailed capital plan) - functioning assets revenue protection

NC452 Ga-Segonyana - Supporting Table SA11 Property rates summary

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Valuation:</b>	1									
Date of valuation:										
Financial year valuation used	2	Yes	Yes							
Municipal by-laws s6 in place? (Y/N)		No	No							
Municipal/assistant valuer appointed? (Y/N)		Yes	Yes		Yes					
Municipal partnership s38 used? (Y/N)	3									
No. of assistant valuers (FTE)	3									
No. of data collectors (FTE)	3									
No. of internal valuers (FTE)	3									
No. of external valuers (FTE)	3	Yes								
No. of additional valuers (FTE)	4				Yes					
Valuation appeal board established? (Y/N)		Yes								
Implementation time of new valuation roll (mlhs)										
No. of properties	5	8,893	9,612	-	11,071			-	-	-
No. of sectional title values	5									
No. of unreasonably difficult properties s7(2)										
No. of supplementary valuations										
No. of valuation roll amendments										
No. of objections by rate payers										
No. of appeals by rate payers										
No. of successful objections	8									
No. of successful objections > 10%	8									
Supplementary valuation										
Public service infrastructure value (Rm)	5									
Municipality owned property value (Rm)										
<b>Valuation reductions:</b>										
Valuation reductions-public infrastructure (Rm)										
Valuation reductions-nature reserves/park (Rm)										
Valuation reductions-mineral rights (Rm)										
Valuation reductions-R15,000 threshold (Rm)										
Valuation reductions-public worship (Rm)										
Valuation reductions-other (Rm)										
<b>Total valuation reductions:</b>		-	-	-	-	-	-	-	-	-
Total value used for rating (Rm)	5									
Total land value (Rm)	5									
Total value of improvements (Rm)	5									
Total market value (Rm)	5									
<b>Rating:</b>										
Residential rate used to determine rate for other categories? (Y/N)	5	Yes	Yes	Yes	Yes					
Differential rates used? (Y/N)		Yes	Yes	Yes	Yes					
Limit on annual rate increase (s20)? (Y/N)										
Special rating area used? (Y/N)										
Phasing-in properties s21 (number)		Yes	Yes	Yes	Yes					
Rates policy accompanying budget? (Y/N)										
Fixed amount minimum value (R'000)										
Non-residential prescribed ratio s19? (%)										
<b>Rate revenue:</b>										
Rate revenue budget (R'000)	6	28,151	32,283	32,977	39,074	41,496	-	-	-	-
Rate revenue expected to collect (R'000)	6	17,562	17,045	27,243	33,282	35,345	-	-	-	-
Expected cash collection rate (%)	7	62.4%	53.0%	83.0%	85.0%	85.0%	0.0%	0.0%	0.0%	0.0%
Special rating areas (R'000)										
Rebates, exemptions - indigent (R'000)		1,133								
Rebates, exemptions - pensioners (R'000)			1,745	1,806	2,094	2,224				
Rebates, exemptions - bona fide farm. (R'000)			0							
Rebates, exemptions - other (R'000)										
Phase-in reductions/discounts (R'000)										
Total rebates, exemptns, reductns, discs (R'000)		1,133	1,745	1,806	2,094	2,224	-	-	-	-

**References**

1. All numbers to be expressed as whole numbers except FTEs and Rates in the Rand
2. To give effect to rates policy
3. Full Time Equivalent (FTE) should be expressed to one decimal place and takes into account full time and part time staff
4. Required to implement new system (FTE)
5. Provide relevant information for historical comparisons. Must reconcile to the total of Table SA12
6. Current and budget year must reconcile to Table A4 Budgeted Financial Performance (revenue and expenditure)
7. Included in rate revenue budget
8. In favour of the rate-payer

# NCAS2 Ga-Segonyana - Supporting Table SA13a Service Tariffs by category

Description	Ref	Provide description of tariff structure where appropriate	2013/14	2014/15	2015/16	Current Year 2016/17	2017/18 Medium Term Revenue & Expenditure Framework		
							Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Property rates (rate in the Rand)</b>									
Residential properties									
Residential properties - vacant land									
Formal/informal settlements									
Small holdings									
Farm properties - used									
Farm properties - not used									
Industrial properties									
Business and commercial properties									
Commercial land - residential									
Commercial land - small holdings									
Commercial land - farm property									
Commercial land - business and commercial									
Commercial land - other									
State-owned properties									
Municipal properties									
Public service infrastructure									
Privately owned towns serviced by the owner									
State trust land									
Restoration and redistribution properties									
Protected areas									
National monuments properties									
	011001								
<b>Exemptions, reductions and rebates (Rands)</b>									
<b>Residential properties</b>									
R15 000 threshold rebate									
General residential rebate									
Indigent rebate or exemption									
Penalties/social grants rebate or exemption									
Temporary relief rebate or exemption									
Bona fide farmers rebate or exemption									
<b>Other rebates or exemptions</b>									
	2								
<b>Water tariffs</b>									
<b>Domestic</b>									
Basic charge/paid fee (Rands/month)									
Service point - vacant land (Rands/month)									
Water usage - flat rate tariff (c/k)									
Water usage - flat rate tariff									
Water usage - Block 1 (c/k)									
Water usage - Block 2 (c/k)									
Water usage - Block 3 (c/k)									
Water usage - Block 4 (c/k)									
<b>Other</b>									
	2								
<b>Waste water tariffs</b>									
<b>Domestic</b>									
Basic charge/linked fee (Rands/month)									
Service point - vacant land (Rands/month)									
Waste water - flat rate tariff (c/k)									
Volumetric charge - Block 1 (c/k)									
Volumetric charge - Block 2 (c/k)									
Volumetric charge - Block 3 (c/k)									
	1 Toilet 2 Toilets 3 Toilets and more		38 77 90	41 83 97					

Volume charge - Block 4 (kWh)						
Other						
<b>Electricity tariffs</b>						
<b>Domestic</b>						
Basic charge/ixed fee (Rand/month)						
Service point - vacant land (Rand/month)						
FBE	(How is this targeted?)					
Uls-line tariff - meter	0-50	55c	1	69.63c	1	
Uls-line tariff - prepaid	51-350					
Flat rate tariff - meter (kWh)	351-600					
Flat rate tariff - prepaid (kWh)	BULK USERS (40-60kVA)					
Meter - IBT Block 1 (kWh)	Basic Charge				532	
Meter - IBT Block 2 (kWh)	Usage per kVA				149	
Meter - IBT Block 3 (kWh)	Usage per kWh		70c			
Meter - IBT Block 4 (kWh)	GUEST HOUSES AND					
Meter - IBT Block 5 (kWh)	Basic Charge				432	
Prepaid - IBT Block 1 (kWh)	Usage per kWh		70c		149	
Prepaid - IBT Block 2 (kWh)	Prepaid per kWh usage					
Prepaid - IBT Block 3 (kWh)	BUSINESSES (1-30kVA)				4	
Prepaid - IBT Block 4 (kWh)	Basic Charge				1	
Prepaid - IBT Block 5 (kWh)	Usage per kWh				1	
Other	Prepaid per kWh usage					
<b>Waste management tariffs</b>						
<b>Domestic</b>						
Street cleaning charge	Residential - 1 x removal/week					
Basic charge/ixed fee	R0 - R3,900				75	
800 ltn - once a week	>R3,900				77	
2500 ltn - once a week						

References:  
 1. If properties are not rated or zero rated this must be indicated as such  
 2. Please provide detailed descriptions on Sheet SA7.30

NC452 Ga-Segonyana - Supporting Table SA14 Household bills

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18 % Incr.	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Randfont</b>											
<b>Monthly Account for Household - 'Middle Income Range'</b>	1										
<b>Rates and services charges:</b>											
Property rates											
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal											
Other											
<b>sub-total</b>		-	-	-	-	-	-	-	-	-	-
VAT on Services		-	-	-	-	-	-	-	-	-	-
<b>Total large household bill:</b>		-	-	-	-	-	-	-	-	-	-
% increase/decrease		-	-	-	-	-	-	-	-	-	-
<b>Monthly Account for Household - 'Affordable Range'</b>	2										
<b>Rates and services charges:</b>											
Property rates		22,071,171.00	32,283,125.00	32,977,262.00	35,979,908.00	36,879,908.00	-	-	-	-	-
Electricity: Basic levy		-	-	-	-	-	-	-	-	-	-
Electricity: Consumption		65,052,500.00	66,896,319.00	65,350,528.00	64,118,368.00	67,169,368.00	-	-	-	-	-
Water: Basic levy		15,781,956.00	15,893,720.00	15,654,227.00	17,567,400.00	18,021,000.00	-	-	-	-	-
Water: Consumption		-	-	-	-	-	-	-	-	-	-
Sanitation		9,175,311.00	10,429,135.00	11,443,503.00	11,832,600.00	12,132,600.00	-	-	-	-	-
Refuse removal		6,364,906.00	6,992,790.00	7,393,568.00	9,010,000.00	9,010,000.00	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
<b>sub-total</b>		119,045,893.00	110,461,000.00	-	159,899,296.00	163,212,896.00	-	(100.0%)	-	-	-
VAT on Services		-	-	-	-	-	-	-	-	-	-
<b>Total small household bill:</b>		119,045,893.00	110,461,000.00	-	159,899,296.00	163,212,896.00	-	(100.0%)	-	-	-
% increase/decrease		13.6%	6.6%	-	-	2.1%	(100.0%)	(100.0%)	-	-	-
<b>Monthly Account for Household - 'Indigent' Household receiving free basic services</b>	3										
<b>Rates and services charges:</b>											
Property rates											
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal											
Other											
<b>sub-total</b>		-	-	-	-	-	-	-	-	-	-
VAT on Services		-	-	-	-	-	-	-	-	-	-
<b>Total small household bill:</b>		-	-	-	-	-	-	-	-	-	-
% increase/decrease		-	-	-	-	-	-	-	-	-	-

**References:**

1. Use as base property value of R700 000, 1 000 kWh electricity and 300 l water
2. Use as base property value of R500 000 and R700 000, 500 kWh electricity and 250 l water
3. Use as base property value of R 300 000, 350 kWh electricity and 200 l water (50 kWh electricity and 8 l water free)



NC452 Ga-Segonyana - Supporting Table SA17 Borrowing

Borrowing - Categorised by type	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>										
<b>Parent municipality</b>										
Long-Term Loans (annuity/reducing balance)		24,991	22,461	21,115	19,906	19,906	-	-	-	-
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
<b>Municipality sub-total</b>	1	24,991	22,461	21,115	19,906	19,906	-	-	-	-
<b>Entities</b>										
Long-Term Loans (annuity/reducing balance)										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
<b>Entities sub-total</b>	1	-	-	-	-	-	-	-	-	-
<b>Total Borrowing</b>	1	24,991	22,461	21,115	19,906	19,906	-	-	-	-

<b>Unspent Borrowing - Categorised by type</b>										
<b>Parent municipality</b>										
Long-Term Loans (annuity/reducing balance)										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
<b>Municipality sub-total</b>	1	-	-	-	-	-	-	-	-	-
<b>Entities</b>										
Long-Term Loans (annuity/reducing balance)										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
<b>Entities sub-total</b>	1	-	-	-	-	-	-	-	-	-
<b>Total Unspent Borrowing</b>	1	-	-	-	-	-	-	-	-	-

References

1. Total borrowing must reconcile to Budgeted Financial Position (Borrowing - non-current)



NC452 Ga-Segonyana - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>										
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		85,531	98,526	132,109	120,223	120,223	-	-	-	-
Local Government Equitable Share		73,591	86,992	109,444	117,413	117,413	-	-	-	-
Finance Management		1,550	1,600	1,675	1,810	1,810	-	-	-	-
Municipal Systems Improvement		890	934	940	-	-	-	-	-	-
Water Services Operating Subsidy		6,500	7,000	17,500	-	-	-	-	-	-
EPWP incentive		1,000	1,000	1,050	1,000	1,000	-	-	-	-
Integrated National Electrification Programme		2,000	1,000	1,500	-	-	-	-	-	-
<b>Provincial Government:</b>		940	1,228	1,943	1,978	2,208	-	-	-	-
Sport and Recreation		940	1,228	1,943	1,978	2,208	-	-	-	-
Other transfers/grants (insert description)		-	-	-	-	-	-	-	-	-
<b>District Municipality:</b> (insert description)		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		1,014	-	-	-	-	-	-	-	-
ACIP WATER		-	-	-	-	-	-	-	-	-
Blue Drop nd Green Drop		-	-	-	-	-	-	-	-	-
1000RURAL HOUSING		-	-	-	-	-	-	-	-	-
200 Rural Housing		-	-	-	-	-	-	-	-	-
Kuruman Reservoir		-	-	-	-	-	-	-	-	-
Kgotsopula Nala		1,014	-	-	-	-	-	-	-	-
<b>Total Operating Transfers and Grants</b>	5	87,485	99,754	134,052	122,201	122,431	-	-	-	-
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		68,204	94,218	93,254	107,321	121,488	-	-	-	-
Municipal Infrastructure Grant (MIG)		52,371	51,027	52,195	51,521	51,521	-	-	-	-
Neighbourhood Development Partnership		-	-	-	-	-	-	-	-	-
Rural Households Infrastructure		5,961	4,162	-	-	-	-	-	-	-
Regional Bulk Infrastructure		6,329	24,858	13,346	-	12,167	-	-	-	-
Municipal Water Infrastructure Grant		3,543	14,170	27,713	-	-	-	-	-	-
Integrated National Electrification Programme		-	-	-	-	2,000	-	-	-	-
Other capital transfers/grants (insert desc)		-	-	-	-	-	-	-	-	-
Water Services Infrastructure Grant		-	-	-	55,800	55,800	-	-	-	-
AMOGELANG CHILDHOOD		-	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>		-	-	-	-	-	-	-	-	-
Other capital transfers/grants (insert description)		-	-	-	-	-	-	-	-	-
<b>District Municipality:</b> (insert description)		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
ACIP WATER		-	-	-	-	-	-	-	-	-
<b>Total Capital Transfers and Grants</b>	5	68,204	94,218	93,254	107,321	121,488	-	-	-	-
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		155,689	193,972	227,306	229,522	243,919	-	-	-	-

References

- Each transfer/grant is listed by name as gazetted together with the name of the transferring department or municipality, donor or other organisation
- Amounts actually RECEIVED; not revenue recognised (objective is to confirm grants transferred)
- Replacement of RSC levies
- Housing subsidies for housing where ownership transferred to organisations or persons outside the control of the municipality
- Total transfers and grants must reconcile to Budgeted Cash Flows
- Motor vehicle licensing refunds to be included under 'agency' services (Not Grant Receipts)

NC452 Ga-Segonyana - Supporting Table SA19 Expenditure on transfers and grant programme

Description		Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
EXPENDITURE:		1									
Operating expenditure of Transfers and Grants											
National Government:			83,078	97,805	127,896	120,223	120,223	-	-	-	-
Local Government Equitable Share			73,591	86,992	109,444	117,413	117,413	-	-	-	-
Finance Management			1,550	1,600	1,675	1,810	1,810	-	-	-	-
Municipal Systems Improvement			564	863	766	-	-	-	-	-	-
Water Services Operating Subsidy			6,150	7,350	14,964			-			
EPWP Incentive			1,223	1,000	1,047	1,000	1,000	-	-		
Integrated National Electrification Programme											
Other transfers/grants [insert description]											
Provincial Government:			940	1,228	1,402	1,978	2,208	-	-	-	-
Sport and Recreation			940	1,228	1,402	1,978	2,208	-	-	-	-
Other transfers/grants [insert description]											
District Municipality:			-	-	-	-	-	-	-	-	-
[insert description]											
Other grant providers:			1,287	1,322	-	-	-	-	-	-	-
ACIP WATER			273	1,321	-						
Blue Drop nd Green Drop											
1000RURAL HOUSING											
200 Rural Housing											
Kuruman Reservoir			-								
Kgotsopula Nala			1,014	1	-						
Total operating expenditure of Transfers and Grants:			85,305	100,355	129,298	122,201	122,431	-	-	-	-
Capital expenditure of Transfers and Grants											
National Government:			80,248	85,278	91,165	107,321	121,488	-	-	-	-
Municipal Infrastructure Grant (MIG)			66,326	45,202	52,195	51,521	51,521	-	-	-	-
Neighbourhood Development Partnership			-		-						
Rural Households Infrastructure			2,051								
Water Services Infrastructure Grant							-				
Regional Bulk Infrastructure			6,329	24,837	13,481		12,167	-			
Municipal Water Infrastructure Grant			3,543	14,170	23,989		-	-			
Integrated National Electrification Programme			2,000	1,000	1,500		2,000	-			
Other capital transfers/grants [insert desc]											
Water Services Infrastructure Grant						55,800	55,800	-	-	-	-
AMOGELANG CHILDHOOD				69	-						
Provincial Government:			-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]											
District Municipality:			-	-	-	-	-	-	-	-	-
[insert description]											
Other grant providers:			-	-	-	-	-	-	-	-	-
ACIP WATER											
Total capital expenditure of Transfers and Grants			80,248	85,278	91,165	107,321	121,488	-	-	-	-
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS			165,553	185,633	220,463	229,522	243,919	-	-	-	-

**References**

1. Expenditure must be separately listed for each transfer or grant received or recognised

**IC452 Ga-Segonyana - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds**

Description		Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
t thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Operating transfers and grants:</b>		1,3									
National Government:											
Balance unspent at beginning of the year			-								
Current year receipts			101,688	101,688	132,109	120,223	120,223	-	-	-	-
Conditions met - transferred to revenue			13,025	2,355	4,213	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities			88,664	99,333	127,896	120,223	120,223	-	-	-	-
Provincial Government:											
Balance unspent at beginning of the year											
Current year receipts			940	1,228	1,943	1,978	2,208	-	-	-	-
Conditions met - transferred to revenue			940	-	541	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities				1,228	1,402	1,978	2,208	-	-	-	-
District Municipality:											
Balance unspent at beginning of the year											
Current year receipts											
Conditions met - transferred to revenue			-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities											
Other grant providers:											
Balance unspent at beginning of the year			-								
Current year receipts			-								
Conditions met - transferred to revenue			-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities											
Total operating transfers and grants revenue			13,965	2,355	4,754	-	-	-	-	-	-
Total operating transfers and grants - CTBM		2	88,664	100,561	129,298	122,201	122,431	-	-	-	-
<b>Capital transfers and grants:</b>		1,3									
National Government:											
Balance unspent at beginning of the year			14,024		-						
Current year receipts			65,916	91,055	93,254	107,321	121,488	-	-	-	-
Conditions met - transferred to revenue			3,990	5,983	2,089	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities			75,950	85,072	91,165	107,321	121,488	-	-	-	-
Provincial Government:											
Balance unspent at beginning of the year											
Current year receipts											
Conditions met - transferred to revenue			-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities											
District Municipality:											
Balance unspent at beginning of the year											
Current year receipts											
Conditions met - transferred to revenue			-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities											
Other grant providers:											
Balance unspent at beginning of the year											
Current year receipts											
Conditions met - transferred to revenue			-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities											
Total capital transfers and grants revenue			3,990	5,983	2,089	-	-	-	-	-	-
Total capital transfers and grants - CTBM		2	75,950	85,072	91,165	107,321	121,488	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE			17,955	8,338	6,843	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS - CTBM			164,613	185,634	220,463	229,522	243,919	-	-	-	-

**References**

1. Total capital transfers and grants revenue must reconcile to Budgeted Financial Performance and Financial Position; total recurrent grants revenue must reconcile to Budgeted Financial Performance
2. CTBM = conditions to be met
3. National Treasury database will require this reconciliation for each transfer/grant

NC452 Ga-Segonyana - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand		A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>	1	6,308	4,554	—	5,055	3,258	—	—	—	—
Basic Salaries and Wages		—	541	—	528	528	—	—	—	—
Pension and UIF Contributions		—	—	—	231	231	—	—	—	—
Medical Aid Contributions		—	1,254	—	1,507	1,007	—	—	—	—
Motor Vehicle Allowance		435	552	—	149	149	—	—	—	—
Cellphone Allowance		—	—	—	—	—	—	—	—	—
Housing Allowance		—	—	—	—	—	—	—	—	—
Other benefits and allowances		—	—	—	—	—	—	—	—	—
Sub Total - Councillors	4	6,743	7,652	—	7,471	5,171	—	—	—	—
% Increase			3.6%	(100.0%)	—	(30.8%)	(100.0%)	—	—	—
<b>Senior Managers of the Municipality</b>	2	2,787	2,527	—	4,520	4,520	—	—	—	—
Basic Salaries and Wages		654	524	—	338	338	—	—	—	—
Pension and UIF Contributions		295	—	—	—	—	—	—	—	—
Medical Aid Contributions		—	—	—	—	—	—	—	—	—
Overtime		—	—	—	—	—	—	—	—	—
Performance Bonus		—	—	—	—	—	—	—	—	—
Motor Vehicle Allowance	3	127	560	—	671	671	—	—	—	—
Cellphone Allowance	3	123	90	—	84	84	—	—	—	—
Housing Allowance	3	58	—	—	—	—	—	—	—	—
Other benefits and allowances	3	—	—	—	92	92	—	—	—	—
Payments in lieu of leave		—	—	—	—	—	—	—	—	—
Long service awards		—	—	—	—	—	—	—	—	—
Post-retirement benefit obligations	6	—	—	—	—	—	—	—	—	—
Sub Total - Senior Managers of Municipality	4	3,862	4,141	—	5,705	5,705	—	—	—	—
% Increase			4.5%	(100.0%)	—	—	(100.0%)	—	—	—
<b>Other Municipal Staff</b>		44,537	53,743	—	68,875	64,780	—	—	—	—
Basic Salaries and Wages		4,692	7,659	—	11,303	18,094	—	—	—	—
Pension and UIF Contributions		3,095	3,711	—	4,869	4,864	—	—	—	—
Medical Aid Contributions		2,710	3,450	—	3,117	2,580	—	—	—	—
Overtime		—	—	—	—	—	—	—	—	—
Performance Bonus		—	—	—	—	—	—	—	—	—
Motor Vehicle Allowance	3	1,857	1,770	—	2,375	2,192	—	—	—	—
Cellphone Allowance	3	123	182	—	346	554	—	—	—	—
Housing Allowance	3	1,886	2,495	—	3,177	2,965	—	—	—	—
Other benefits and allowances	3	6,568	10,802	—	8,334	10,575	—	—	—	—
Payments in lieu of leave		1,219	1,538	—	1,285	—	—	—	—	—
Long service awards		111	983	—	59	99	—	—	—	—
Post-retirement benefit obligations	6	—	—	—	—	—	—	—	—	—
Sub Total - Other Municipal Staff	4	71,831	88,413	—	104,831	106,675	—	—	—	—
% Increase			25.3%	(100.0%)	—	(4.6%)	(100.0%)	—	—	—
<b>Total Parent Municipality</b>		82,557	67,555	—	116,007	111,549	—	—	—	—
			18.2%	(100.0%)	—	(5.5%)	(100.0%)	—	—	—
<b>Board Members of Entities</b>		—	—	—	—	—	—	—	—	—
Basic Salaries and Wages		—	—	—	—	—	—	—	—	—
Pension and UIF Contributions		—	—	—	—	—	—	—	—	—
Medical Aid Contributions		—	—	—	—	—	—	—	—	—
Overtime		—	—	—	—	—	—	—	—	—
Performance Bonus		—	—	—	—	—	—	—	—	—
Motor Vehicle Allowance	3	—	—	—	—	—	—	—	—	—
Cellphone Allowance	3	—	—	—	—	—	—	—	—	—
Housing Allowance	3	—	—	—	—	—	—	—	—	—
Other benefits and allowances	3	—	—	—	—	—	—	—	—	—
Board Fees		—	—	—	—	—	—	—	—	—
Payments in lieu of leave		—	—	—	—	—	—	—	—	—
Long service awards		—	—	—	—	—	—	—	—	—
Post-retirement benefit obligations	6	—	—	—	—	—	—	—	—	—
Sub Total - Board Members of Entities	4	—	—	—	—	—	—	—	—	—
% Increase			—	—	—	—	—	—	—	—
<b>Senior Managers of Entities</b>		—	—	—	—	—	—	—	—	—
Basic Salaries and Wages		—	—	—	—	—	—	—	—	—
Pension and UIF Contributions		—	—	—	—	—	—	—	—	—
Medical Aid Contributions		—	—	—	—	—	—	—	—	—
Overtime		—	—	—	—	—	—	—	—	—
Performance Bonus		—	—	—	—	—	—	—	—	—
Motor Vehicle Allowance	3	—	—	—	—	—	—	—	—	—
Cellphone Allowance	3	—	—	—	—	—	—	—	—	—
Housing Allowance	3	—	—	—	—	—	—	—	—	—
Other benefits and allowances	3	—	—	—	—	—	—	—	—	—
Payments in lieu of leave		—	—	—	—	—	—	—	—	—
Long service awards		—	—	—	—	—	—	—	—	—
Post-retirement benefit obligations	6	—	—	—	—	—	—	—	—	—
Sub Total - Senior Managers of Entities	4	—	—	—	—	—	—	—	—	—
% Increase			—	—	—	—	—	—	—	—
<b>Other Staff of Entities</b>		—	—	—	—	—	—	—	—	—
Basic Salaries and Wages		—	—	—	—	—	—	—	—	—
Pension and UIF Contributions		—	—	—	—	—	—	—	—	—
Medical Aid Contributions		—	—	—	—	—	—	—	—	—
Overtime		—	—	—	—	—	—	—	—	—
Performance Bonus		—	—	—	—	—	—	—	—	—
Motor Vehicle Allowance	3	—	—	—	—	—	—	—	—	—
Cellphone Allowance	3	—	—	—	—	—	—	—	—	—
Housing Allowance	3	—	—	—	—	—	—	—	—	—
Other benefits and allowances	3	—	—	—	—	—	—	—	—	—
Payments in lieu of leave		—	—	—	—	—	—	—	—	—
Long service awards		—	—	—	—	—	—	—	—	—
Post-retirement benefit obligations	6	—	—	—	—	—	—	—	—	—
Sub Total - Other Staff of Entities	4	—	—	—	—	—	—	—	—	—
% Increase			—	—	—	—	—	—	—	—
<b>Total Municipal Entities</b>		—	—	—	—	—	—	—	—	—
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		82,557	67,555	—	116,007	111,549	—	—	—	—
% Increase	4		18.2%	(100.0%)	—	(5.5%)	(100.0%)	—	—	—
<b>TOTAL MANAGERS AND STAFF</b>	5,7	75,814	90,554	—	110,534	106,378	—	—	—	—

**References**

1. Include "Leave and advances" where applicable if any reportable amounts until phased compliance with s154 of MFMA achieved
2. s17 of the Systems Act
3. In kind benefits (e.g. provision of living quarters) must be stated as the cost (full market value) to the municipality, as part of the relevant allowance
4. (WA, CB, GC, EG, FG, GD, HD, VD)
5. Must agree to the sub-total appearing on Table A1 (Employee costs)
6. Include pension payments and employer contributions to medical aid
7. Correct as at 30 June

**Column Definitions:**

- A, B and C. Audited actual as per the audited financial statements: if audited amounts are unavailable, unaudited amounts must be provided with a note stating these are unaudited
- D. The original budget approved by council for the budget year
- E. The budget for the budget year as adjusted by council resolution in terms of section 76 of the MFMA
- F. An estimate of final actual amounts (pre audit) for the current year at the point in time of preparing the budget for the budget year. This may differ from E.
- G. The amount to be appropriated for the budget year
- H and I. The indicative projection

NC452 Ga-Segonyana - Supporting Table SA34a Capital expenditure on new assets by asset class

Description		Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>											
<b>Infrastructure</b>											
Infrastructure - Road transport			110,708	86,697	115,677	115,780	138,988	-	-	-	-
Roads, Pavements & Bridges			22,323	19,302	36,453	25,860	31,358	-	-	-	-
Storm water			22,323	19,302	36,453	25,860	31,358	-	-	-	-
Infrastructure - Electricity			6,186	-	1,500	-	2,000	-	-	-	-
Generation			-	-	-	-	-	-	-	-	-
Transmission & Reticulation			6,186	-	1,500	-	2,000	-	-	-	-
Street Lighting			-	-	-	-	-	-	-	-	-
Infrastructure - Water			74,307	59,331	66,692	68,900	84,769	-	-	-	-
Dams & Reservoirs			-	-	-	-	-	-	-	-	-
Water purification			-	-	-	-	-	-	-	-	-
Reticulation			74,307	59,331	66,692	68,900	84,769	-	-	-	-
Infrastructure - Sanitation			4,662	8,064	11,002	17,520	17,520	-	-	-	-
Reticulation			-	-	-	-	-	-	-	-	-
Sewerage purification			4,662	8,064	11,002	17,520	17,520	-	-	-	-
Infrastructure - Other			3,231	-	-	-	-	-	-	-	-
Waste Management			-	-	-	2,500	1,343	-	-	-	-
Transportation			-	-	-	-	-	-	-	-	-
Gas			-	-	-	-	-	-	-	-	-
Other			3,231	-	-	2,500	1,343	-	-	-	-
<b>Community</b>											
Parks & gardens			-	6,294	-	6,541	2,500	-	-	-	-
Sportsfields & stadia			-	-	-	-	-	-	-	-	-
Swimming pools			-	-	-	-	-	-	-	-	-
Community halls			-	-	-	-	-	-	-	-	-
Libraries			-	1,135	-	6,541	2,500	-	-	-	-
Recreational facilities			-	-	-	-	-	-	-	-	-
Fire, safety & emergency			-	-	-	-	-	-	-	-	-
Security and policing			-	-	-	-	-	-	-	-	-
Buses			-	-	-	-	-	-	-	-	-
Clinics			-	-	-	-	-	-	-	-	-
Museums & Art Galleries			-	-	-	-	-	-	-	-	-
Cemeteries			-	-	-	-	-	-	-	-	-
Social rental housing			-	-	-	-	-	-	-	-	-
Other			-	5,159	-	-	-	-	-	-	-
<b>Heritage assets</b>											
Buildings			-	-	-	-	-	-	-	-	-
Other			-	-	-	-	-	-	-	-	-
<b>Investment properties</b>											
Housing development			839	4,936	-	-	-	-	-	-	-
Other			839	4,936	-	-	-	-	-	-	-
<b>Other assets</b>											
General vehicles			9,568	5,877	3,249	5,034	4,663	-	-	-	-
Specialised vehicles			523	-	-	1,600	1,600	-	-	-	-
Plant & equipment			1,793	-	-	-	-	-	-	-	-
Computers - hardware/equipment			95	-	-	400	400	-	-	-	-
Furniture and other office equipment			1,285	1,237	3,249	3,034	2,663	-	-	-	-
Abattoirs			-	-	-	-	-	-	-	-	-
Markets			-	-	-	-	-	-	-	-	-
Civic Land and Buildings			-	-	-	-	-	-	-	-	-
Other Buildings			5,854	3,670	-	-	-	-	-	-	-
Other Land			-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)			-	-	-	-	-	-	-	-	-
Other			17	971	-	-	-	-	-	-	-
<b>Agricultural assets</b>											
Let sub class			-	-	-	-	-	-	-	-	-
<b>Biological assets</b>											
Let sub class			-	-	-	-	-	-	-	-	-
<b>Intangibles</b>											
Computers - software & programming			-	53	131	80	80	-	-	-	-
Other (let sub class)			-	53	131	80	80	-	-	-	-
<b>Total Capital Expenditure on new assets</b>											
	1		121,115	103,857	119,927	127,435	144,231	-	-	-	-
<b>Specialised vehicles</b>											
Refuse			1,793	-	-	-	-	-	-	-	-
Fire			1,793	-	-	-	-	-	-	-	-
Conservancy			-	-	-	-	-	-	-	-	-
Ambulances			-	-	-	-	-	-	-	-	-

**References**

1. Total Capital Expenditure on new assets (SA34a) plus Total Capital Expenditure on renewal of existing assets (SA34b) must reconcile to total capital expenditure in Budgeted Capital Expenditure
2. Airports, Car Parks, Bus Terminals and Taxi Ranks
3. For example - technology backbones (e.g. fibre optic, WIFI infrastructure) for economic development purposes
4. Work in progress/under construction to be budgeted under the respective item
5. Infrastructure involves 'land and buildings required' by that infrastructure and vehicles/plant & equipment used by the service generated by that infrastructure
6. Donated/contributed & leased assets to be included within the respective sub-class
7. Busses used to provide a service to the community
8. Not municipal contributions to the 'top structure' being built using the housing subsidies
9. Statues, art collections, medals etc.
10. Ambulances, fire engines, refuse vehicles - but not vehicles that would normally be classified as 'Plant and equipment'



NC452 Ga-Segonyana - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description		Ref	2013/14	2014/15	2015/16	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework			
R thousand		1	Actual Outcome	Actual Outcome	Actual Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year+1 2018/19	Budget Year+2 2019/20
Repairs and maintenance expenditure by Asset Class (Sub-class)											
Infrastructure			22,705	8,850	20,652	32,787	32,584	-	-	-	-
Infrastructure - Road transport			8,278	4,582	4,885	3,869	3,866	-	-	-	-
Roads, Passways & Bridges			8,850	4,582	4,885	3,867	3,454	-	-	-	-
Storm water			296	-	-	212	213	-	-	-	-
Infrastructure - Electricity			3,961	1,521	3,623	1,612	1,613	-	-	-	-
Generation			63	-	-	-	-	-	-	-	-
Transmission & Distribution			3,611	1,521	3,623	1,362	1,362	-	-	-	-
Street Lighting			300	-	-	250	250	-	-	-	-
Infrastructure - Water			7,755	1,548	6,881	23,106	23,106	-	-	-	-
Dams & Reservoirs			180	-	-	180	180	-	-	-	-
Water purification			-	-	-	-	-	-	-	-	-
Retreatment			7,606	1,548	6,881	23,000	23,000	-	-	-	-
Infrastructure - Sanitation			1,413	579	2,580	500	500	-	-	-	-
Retreatment			-	-	-	-	-	-	-	-	-
Sewerage purification			1,413	579	2,580	500	500	-	-	-	-
Infrastructure - Other			305	456	2,653	3,700	3,700	-	-	-	-
Waste Management			-	456	2,653	3,700	3,700	-	-	-	-
Transportation			2	-	-	-	-	-	-	-	-
Gas			3	-	-	-	-	-	-	-	-
Other			3	-	-	-	-	-	-	-	-
Community			303	362	-	581	581	-	-	-	-
Parks & gardens			120	110	-	284	284	-	-	-	-
Sportsfields & stadia			30	25	-	74	74	-	-	-	-
Swimming pools			-	-	-	-	-	-	-	-	-
Community halls			51	65	-	185	185	-	-	-	-
Libraries			3	5	-	-	-	-	-	-	-
Recreational facilities			-	-	-	-	-	-	-	-	-
Fire, safety & emergency			10	10	-	48	48	-	-	-	-
Security and policing			-	-	-	-	-	-	-	-	-
Buses			-	-	-	-	-	-	-	-	-
Clinics			-	-	-	-	-	-	-	-	-
Museums & Art Galleries			-	-	-	-	-	-	-	-	-
Cemeteries			80	85	-	-	-	-	-	-	-
Social rental housing			-	-	-	-	-	-	-	-	-
Other			-	-	-	-	-	-	-	-	-
Heritage assets			-	-	-	-	-	-	-	-	-
Buildings			-	-	-	-	-	-	-	-	-
Other			-	-	-	-	-	-	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-
Housing development			-	-	-	-	-	-	-	-	-
Other			-	-	-	-	-	-	-	-	-
Other assets			21,785	13,220	7,889	16,818	16,818	-	-	-	-
General vehicles			4,870	4,541	2,121	2,117	2,117	-	-	-	-
Specialised vehicles			9,281	3,674	5,495	3,175	3,175	-	-	-	-
Plant & equipment			2,147	2,625	-	2,804	2,804	-	-	-	-
Computers - hardware/equipment			2,676	1,412	-	3,546	3,546	-	-	-	-
Furniture and other office equipment			1,189	1,605	164	177	177	-	-	-	-
Abolition			-	-	-	-	-	-	-	-	-
Markets			-	-	-	-	-	-	-	-	-
Civic Land and Buildings			-	-	-	-	-	-	-	-	-
Other Buildings			580	541	-	-	-	-	-	-	-
Other Land			-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)			-	-	-	-	-	-	-	-	-
Other			1,176	-	-	-	-	-	-	-	-
Agricultural assets			-	-	-	-	-	-	-	-	-
(At sub-class)			-	-	-	-	-	-	-	-	-
Biological assets			-	-	-	-	-	-	-	-	-
(At sub-class)			-	-	-	-	-	-	-	-	-
Intangibles			-	-	251	-	-	-	-	-	-
Computers - software & programming			-	-	251	-	-	-	-	-	-
Other (At sub-class)			-	-	-	-	-	-	-	-	-
Total Repairs and Maintenance Expenditure			1	44,787	22,179	28,763	63,595	63,793	-	-	-
Specialised activities				3,287	3,674	3,495	3,175	3,175	-	-	-
Refugees				-	-	1,865	-	-	-	-	-
Fire				3,287	3,674	3,495	3,175	3,175	-	-	-
Conservancy				-	-	-	-	-	-	-	-
Amplifiers				-	-	-	-	-	-	-	-
RSM as a % of PPE				4.8%	2.7%	2.7%	2.7%	2.7%	0.0%	0.0%	0.0%
RSM as % Operating Expenditure				16.8%	6.5%	8.0%	14.8%	14.0%	0.9%	0.6%	0.6%

**References**

- Total Repairs and Maintenance Expenditure by Asset Category must reconcile to total repairs and maintenance expenditure on Table SA1
- Alports, Car Parks, Bus Terminals and Taxi Ranks
- For example - technology backbone (e.g. fibre optic, WFI infrastructure) for economic development purposes
- Work-in-progress/under construction to be budgeted under the respective item
- Infrastructure includes 'land' and buildings required by the infrastructure and vehicles/equipment used by the service generated by the infrastructure
- Donated/contributed & leased assets to be included within the respective sub-class
- Business used to provide a service to the community
- Not municipal contributions to the 'top structure' being built using the housing subsidies
- Statues, art collections, medals etc.
- Ambulances, fire engines, refuse vehicles - but not vehicles that would normally be classified as 'Plant and equipment'

check below



NC452 Ga-Segonyana - Supporting Table SA34d Depreciation by asset class

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Actual Outcomes	Actual Outcomes	Actual Outcomes	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year +1 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Depreciation by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		40,573	36,279	31,346	19,304	18,304	-	-	-	-
Infrastructure - Road transport		9,772	15,116	15,958	6,600	6,600	-	-	-	-
Roads, Ferries & Bridges		9,772	15,116	15,958	6,600	6,600	-	-	-	-
Storm water		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		8,166	8,805	9,051	5,017	5,017	-	-	-	-
Generation		-	-	-	-	-	-	-	-	-
Transmission & Distribution		8,166	8,805	9,051	5,017	5,017	-	-	-	-
Street Lighting		1	-	-	-	-	-	-	-	-
Infrastructure - Water		15,251	5,745	6,623	7,060	7,060	-	-	-	-
Dams & Reservoirs		-	-	-	-	-	-	-	-	-
Water purification		-	-	-	-	-	-	-	-	-
Wastewater		15,251	5,745	6,623	7,060	7,060	-	-	-	-
Infrastructure - Sanitation		4,421	2,029	2,129	50	50	-	-	-	-
Refuse collection		-	-	-	-	-	-	-	-	-
Sanitation purification		4,421	2,029	2,129	50	50	-	-	-	-
Infrastructure - Other		2,544	522	632	638	638	-	-	-	-
Water Management		2,544	522	632	638	638	-	-	-	-
Roads		-	-	-	-	-	-	-	-	-
Transportation		-	-	-	-	-	-	-	-	-
Gas		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Community</b>		21	1,368	3,879	-	-	-	-	-	-
Parks & gardens		-	-	-	-	-	-	-	-	-
Sportsfields & stadia		-	-	-	-	-	-	-	-	-
Swimming pools		-	-	-	-	-	-	-	-	-
Community halls		21	878	1,852	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Recreational facilities		-	-	-	-	-	-	-	-	-
Fire, safety & emergency		-	1,701	1,524	-	-	-	-	-	-
Security and policing		-	-	-	-	-	-	-	-	-
Bus		-	-	-	-	-	-	-	-	-
Clubs		-	-	-	-	-	-	-	-	-
Museums & Art Galleries		-	-	-	-	-	-	-	-	-
Cemeteries		-	-	-	-	-	-	-	-	-
Social rental housing		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Depreciable assets</b>		-	-	-	-	-	-	-	-	-
Buildings		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Housing development		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Other assets</b>		2,063	12,346	15,434	542	542	-	-	-	-
General vehicles		33	1,740	2,957	69	69	-	-	-	-
Specialised vehicles		-	1,783	8,689	221	221	-	-	-	-
Plant & equipment		-	2,864	3,295	37	37	-	-	-	-
Computers - hardware/equipment		331	-	-	66	66	-	-	-	-
Furniture and other office equipment		2,530	1,706	1,163	58	58	-	-	-	-
Archaeology		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Orchard and field buildings		-	-	-	-	-	-	-	-	-
Other buildings		-	-	-	-	-	-	-	-	-
Other Land		-	-	-	-	-	-	-	-	-
Capital Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-
Other		-	0	-	-	-	-	-	-	-
<b>Non-depreciable assets</b>		-	-	-	-	-	-	-	-	-
Land and other		-	-	-	-	-	-	-	-	-
<b>Biological assets</b>		-	-	-	-	-	-	-	-	-
INHERITANCE ASSETS		-	-	-	-	-	-	-	-	-
<b>Intangible assets</b>		-	-	-	-	-	-	-	-	-
Computers - software & programming		-	-	-	-	-	-	-	-	-
Other (not sub-class)		-	-	-	-	-	-	-	-	-
<b>Total Depreciation</b>		43,157	45,024	58,180	19,846	18,846	-	-	-	-
<b>Specialised vehicles</b>		-	7,783	8,689	321	321	-	-	-	-
Police		-	7,783	8,689	321	321	-	-	-	-
Fire		-	-	-	-	-	-	-	-	-
Conservancy		-	-	-	-	-	-	-	-	-
Archaeology		-	-	-	-	-	-	-	-	-

**Notes:**

1. Depreciation based on written down values, not including Depreciation resulting from revaluation.
2. Airports, Gas Plants, Bus Terminals and Taxi Ranks.
3. For example - technology facilities (e.g. fibre optic, WIFI infrastructure) for economic development purposes.
4. Work-in-progress/under construction to be budgeted under the respective item.
5. Infrastructure includes land and buildings required by that infrastructure and services/plant & equipment used by that infrastructure.
6. Depreciable/valued & leased assets to be included within the respective sub-class.
7. Assets used to provide a service to the community.
8. Not integral contributions to the 'top structure' being built using the housing subsidies.
9. Statues, art collections, medals etc.
10. Archaeology, fire engines, police vehicles - but not vehicles that would normally be classified as Plant and equipment.



# APPENDIX A

# GA-SEGONYANA LOCAL MUNICIPALITY

## SUBSIDY POLICY: INDIGENT HOUSEHOLDS

### 1. PREAMBLE

- 1.1 With reference to the Constitution in particular Chapter 7 Section 152, which states:

The objects of Local Government are –

- a) "to provide democratic and accountable government for local communities;
- b) to ensure the provision of services to communities in a sustainable manner;
- c) to promote social and economic development;
- d) to promote a safe and healthy environment and
- e) to encourage the involvement of communities and community organisations in the matters of local government."

It is essential that the Municipality should strive within its financial and administrative capacity, to achieve the objectives quoted.

- 1.2 In its quest to achieve a constitutional mandate the Municipality finds itself having to deliver yet other related (but not necessarily constitutional per se) services and objectives. Amongst those is the issue of indigents and how they have to be catered for within the spirit of co-operative governance.

### 2. DEFINITIONS

**Indigents** are defined as those people, due to a number of factors, who are unable to make monetary contribution towards basic services, no matter how small the amounts seem to be.

A **household** consists of one or more people who live in the same dwelling and also share at meals or living accommodation, and may consist of a single family.

**Free basic service** is defined as the minimum amount of basic levels of services, provided on a day to day basis, sufficient to cover or cater for the basic needs of the poor households

**Income** is defined as the amount of money or its equivalent received during a period of time in exchange for labor or services, from the sale of goods or property, or as profit from financial investments.

Any household with a total income equals to or less than **R4 120** qualifies to be registered as indigent. Two state pensioners with a foster child or with two child support grants in a household do qualify.

A **pensioner** refers to individuals currently earning R1 600 or less. i.e Old age grant, disability grant, etc.

## **GA-SEGONYANA LOCAL MUNICIPALITY**

### **3. BUDGET FOR THE INDIGENT SUPPORT**

The Municipality accepts the principle of uniform tariff structures and that the equitable share is there to provide basic services but also accept the responsibility to ensure that the poor receive basic services by tailoring affordable tariffs.

The Municipality will utilise transparent cross-subsidies within and between services as well as equitable share allocations to enable poor households to gain access to at least basic services through tariffs that cover only operating and maintenance costs.

Indigent households qualify for exemption from assessment rate payment, refuse removal and sewerage basic charges and services but only upon registration as indigents.

### **4. REGISTERING INDIGENTS**

The following steps are used to register indigents and indigent households from time to time:

- 4.1 Accessible registration points identified by Council, which are made publicly known.
- 4.2 Completion of an official registration form by the indigents on which the onus lies to submit the form at the identified registration points.
- 4.3 The required documentation, i.e. proof of income/affidavit must be attached where applicable for example letter from employer, salary advice, pension card, UIF card.
- 4.4 The municipality relies on indigent committee for approvals and disapprovals

### **5. ADMINISTRATIVE PROCEDURES**

- 5.1 The indigent committee consisting of a Finance Director, Revenue manager, Free Basic Officer and ward councillors will approve the application and arrange the implementation of the indigent subsidy to the account holder.
- 5.2 The approval will be valid for a financial year, provided funds are available and the circumstances of the household are unchanged.
- 5.3 Indigent households where the Municipality is providing basic services will be obliged to apply any time during the financial year at the Municipality offices.
- 5.4 Indigent households where the Municipality is not providing basic services will be obliged to register any time during the financial year at the ward councillor's office.



## **GA-SEGONYANA LOCAL MUNICIPALITY**

- 5.5 The subsidy will not apply to households owning more than one property and receiving rental income that when is combined with other income of the family exceeds R4 120.

### **6. QUALIFICATION CRITERIA FOR THE SELECTION OF INDIGENTS**

- 6.1 Child headed households will be declared indigents upon reporting the death status of the parents at the Municipality. The following documents are required:
- 6.1.1 Certified copies of death certificates of parents or breadwinner
  - 6.1.2 Certified copies of identity documents of parents or breadwinner.
  - 5.5.2 An affidavit that states that the oldest child is responsible for other children.
  - 5.5.3 Outstanding debt as at date of death of the last parent should be written off as irrecoverable.
- 6.2 On site inspection may be performed by municipal officials
- 6.3 A person found to be indigent must be registered in a database linked to a debtors system after the application has been checked and authorised by a senior official in the debt collection department.
- 6.4 If the status of an indigent change, the Financial Manager should be immediately informed by the ward councillor.
- 6.5 Misusers of the system will be deregistered and be suspended for a period of three years when incorrect information was supplied.
- 6.6 The Municipality may impose other conditions and procedures deemed necessary from time to time.
- 6.7 The Council may from time to time appoint agents or use community development workers and ward committees to assist the Financial Manager on a yearly basis to determine by survey, which of the households could be classified as indigent.

### **7. MAXIMUM CONSUMPTION LEVELS FOR INDIGENTS**

- 7.1 To prevent the misuse of services and possible fraudulent activities by indigents of the Indigent Policy, Council is obliged to establish the following maximum consumption levels for indigent households per month.

Water consumption	6 kl.
Electricity consumption	50 kWh.
Refuse and sewerage	100% rebate on services and basic charge.

### **8. SUSPENSION OF SERVICES TO INDIGENT HOUSEHOLDS**

- 8.1 Services to classified indigent households must be suspended when indigents fail to pay for services consumed up and above determined levels which are not paid in full as levied on the monthly account.



## GA-SEGONYANA LOCAL MUNICIPALITY

- 8.2 Classified indigent consumers will be held responsible for services rendered and services will be suspended for any consumption up and above the subsidised levies per month as indicated below not paid for by the indigent household:

Electricity (50kWh)	R43.00 maximum
Water (6 kl)	R56.00 maximum
VAT	<u>R13.86</u> maximum
Total	<u>R112.86</u>

- 8.3 If the subsidy is a lesser amount as indicated in 7.2 in accordance with the calculated equitable share allocation received from National Government per Indigent Household, the indigent consumer will be held responsible for services rendered. If the customer is always in arrears the municipality will install prepaid meters for electricity and water to control the debt.

### 9. INDIGENT EXIT PROGRAMME

Ward councillors are encouraged to inform individuals who have been on the indigent register for a long time to apply for contract workers positions and EPWP and LED projects to assist in poverty alleviation that will result in the indigent moving away from poverty trap.

### 10. COLLECTION OF OUTSTANDING ARREARS AMOUNTS

The conditions of the Debt Collection Policy and By-law will prevail for the collection of any arrears amount to be collected from an indigent household.

## GA-SEGONYANA LOCAL MUNICIPALITY

### 11. APPLICATION FORM

## GA-SEGONYANA MUNICIPALITY

### Application Form for Household Indigence Subsidy

In an effort to assist the needy population of Ga-Segonyana in the payment of municipal services for **Indigence Households**, the Municipal Council has agreed to a subsidy scheme whereby households **earning equal to or less than R4 120 per month** would have certain services fully or partially subsidized. If you feel that you do qualify, fill in the details of all the occupants of your household as at the date of this application, together with their respective gross monthly income in the space below (hand in the form personally at any Treasury pay point):

### PERSONAL PARTICULARS OF ALL OCCUPANTS EARNING AN INCOME

Ward Number:	Stand number:	Municipal Account Number:				
		Prepaid Electricity Meter Number:				
Street Address:						
Identity Number	Initials	Surname	Employed (Yes/No)	Employer	Gross Monthly Income	Source of Income
1						
2						
3						
4						
5						
6						
7						

❖ Note: The applicant's name should be in the number one shaded space above.

### DECLARATION BY THE APPLICANT:

I, the undersigned, who reside at the address indicated above and is the account holder, hereby apply for the Household Indigence Subsidy determined in relation to the income indicated above, and solemnly declare that:

- All particulars furnished in this form, including the total gross income of myself and all occupants of the premises, are to the best of my knowledge and belief, true and correct;
- If particulars furnished in this form should change for any reason, I will immediately notify the Council;
- I, or any other occupant, do not own any other property in the Republic of South Africa, apart from the property indicated on the account for which the application is made;
- I agree that Council Officials and/or the Social Worker may conduct an on-site audit to verify the information supplied on this declaration;
- I agree that the supply of water to my premises may be restricted by a flow control washer or any other method the Council may deem fit if the balance of my services is not paid in full at the cost of the account holder (applicant);
- **If you don't pay the previous month's Account you are going to forfeit the free basic services for the next month.**
- I am aware that I must be a South African citizen and older than 18 years (Child headed families younger than 18 years).
- If any information submitted should be found to be untrue, I would automatically be disqualified from receiving any subsidy, will be liable for the immediate repayment of any subsidy payments received, and may have criminal proceedings instituted against me as the Council may deem fit.
- **IMPORTANT:** To prevent the misuse of services and possible fraudulent activities by indigents of the Indigent Policy, Council is obliged to establish the following Free Basic consumption levels for indigent households per month:

## GA-SEGONYANA LOCAL MUNICIPALITY

Water consumption: 6 kl  
100% free Refuse removal

Electricity consumption: 50 kWh  
100% free sanitation

I am conversant with the contents of the declaration and understand it. I have no objection to taking this oath. I regard the Prescribed Oath as binding to my conscience.

Signature (Declarant): .....

Name

(Declarant):

I certify that the above declaration has been administered by me and that the declarant acknowledged that he/she is conversant with the contents and understands it. This declaration has been made upon oath and the declarant's signature has been applied in my presence on

(Date) ..... At (Venue) .....

(Commissioner of Oaths): ..... No: ..... Rank: .....

# APPENDIX B



## **GA-SEGONYANA LOCAL MUNICIPALITY**

# **TARIFF POLICY**



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## **1. PREAMBLE**

The Ga-Segonyana Municipality's Tariff Policy must be compiled, adopted and implemented in terms of Section 74 of the Municipal Systems Act. This Policy provides levying of fees for municipal services provided by the municipality itself or by way of service delivery agreements. In setting its annual tariffs, the Council shall at all time take due cognisance of the tariffs applicable elsewhere in the economic region and of the impact which its own tariffs may have on local economic development.

The Annexure to the policy is a Tariff Structure compiled in terms of Ga-Segonyana Municipality's Tariff Policy.

## **2. LEGISLATION**

The guiding principles used in developing the Ga-Segonyana Municipality Tariff Policy were sourced from the following legislation:

- The Constitution of the Republic South Africa Act, No. 108 of 1996.
- The Municipal Systems Act, No. 32 of 2000.
- The Municipal Finance Management Act, No. 56 of 2003.
- The Local Government Transition Act, No. 97 of 1996.
- The Local Authorities Ordinance, No. 25 of 1974.
- The Water Services Act, No. 108 of 1997.
- The Electricity Act, No. 41 of 1987.

## **3. OBJECTIVES**

The objectives of the Tariff Policy are to ensure the following:

- The tariffs of the Municipality conform to acceptable policy principles;
- Municipal services are financially sustainable;
- There is certainty in the Council, of how the tariffs will be determined;
- Tariffs of the Municipality comply with the applicable legislation; and
- Tariffs should take into consideration relief to the indigent.

#### **4. TARIFF POLICY PRINCIPLES**

A set of Principles to guide the Tariff Policy are as follows:

**4.1 Payment in Proportion to the amount consumed.**

Consumers should pay in a proportion to the amount of services consumed.

**4.2 Full Payment of service costs.**

All households, with the exception of the indigent, should pay the full cost of services consumed. (Refer to Indigent Policy)

**4.3 Ability to pay.**

Municipalities should develop a system of targeted subsidies to ensure that poor households have at least a minimum level of basic services. (Refer to Indigent Policy)

**4.4 Fairness.**

Tariff policies should be fair in that all people should be treated equitably.

**4.5 Transparency.**

Tariff policy should be transparent to all consumers and must be visible and understandable.

**4.6 Local determination of tariff levels.**

Municipality have the flexibility to develop their own tariffs in accordance with these principles.

**4.7 Consistent tariff enforcement.**

A consistent policy for dealing with non-payment of tariffs must be developed.

**4.8 Ensure Local Economic Competitiveness.**

Municipal tariff must not unduly burden the local business through higher tariffs, as these costs may affect the sustainability and competitiveness of such businesses.

These Tariff Policy Principles were incorporated into the Local Government Municipal Systems Act, No. 32 of 2000. In terms of Section 74(2) of the Local Government Municipal Systems Act, No. 32 of 2000, the Municipality's Tariff Policy must reflect at least the following principles, namely that:

- i. Users of municipal services should be treated equitably in the application of tariffs;
- ii. The amount individual users pay for services should generally be in proportion to their use of that service;
- iii. Poor households must have access to at least basic services through:
  - a. Tariff that cover only operating and maintenance costs;
  - b. Special or life line tariffs for low levels of use or consumption of services or for basic level of services; or
  - c. Any other direct or indirect method of subsidisation of tariffs for poor households.
- iv. Tariffs must reflect the costs reasonably associated with rendering the service, including capital, operating, maintenance, administration, replacement costs and interest charges;
- v. Tariffs must be set at levels that facilitate the financial sustainability of the services, taking into account subsidisation from sources other than the services concerned. A service is financially sustainable when it is provided in a manner that would ensure its financing from internal and external sources is sufficient to cover the costs of the initial capital expenditure required, operating the service, maintaining, repairing and replacing the physical assets used in its provision;
- vi. Provision may be made in appropriate circumstances for a surcharge on the tariff for a service;
- vii. Provision may be made for the promotion of local economic development through special tariffs for categories of commercial and industrial users; and
- viii. The economical, efficient and effective use of resources, the recycling of wastes and other appropriate environmental objectives must be encouraged.
- ix. The extent of subsidisation of tariffs for poor households and other categories of users should be fully disclosed.

## **5. NEED FOR A TARIFF POLICY**

### **5.1 Revenue Adequacy and Certainty.**

The Municipality must have access to adequate sources of revenue to enable it to carry out its functions. The Municipality must:

- i. Fully exploit the available sources of revenue to meet its development objectives; and
- ii. Be reasonably certain of its revenue to allow for realistic planning.

## 5.2 Sustainability.

Financial sustainability requires that the Municipality must ensure that its budget balances. This means that the Municipality must ensure that:

- i. Services are provided at affordable levels; and
- ii. It is able to recover the cost of service delivery.

The Municipality must set a realistic budget in order to prevent exceeding the budget or failing to establish a proper financial management controls.

The Municipality believes that all members of the community have the right to have access to at least a minimum level of basic services. Therefore, there is a need to subsidise poor households, who are unable to pay even a proportion of service costs.

## 5.3 Effectiveness and Efficient usage of Resources.

Resources are scarce and must be used in the best possible way to reap the maximum Benefit for the community. However, there are no mechanisms available to ensure that Municipality's decisions will ensure effective allocation of resources. It is therefore Important that the community provide the necessary checks and balances. They can do this by participating in the budget process. In addition, performance audits should Audits should be carried out by the office of the Auditor-General. Efficiencies in Spending and resource allocation will ultimately increase the access of the poor to basic services.

## 5.4 Accountability, Transparent and Good Governance.

The Municipality must be accountable to the community for the use of its resources. Councillors must be able to:

- i. Justify their expenditure decisions; and
- ii. Explain why and how the revenue necessary to sustain expenditure is raised.

Budget and the financial affairs of the Municipality must be open to public scrutiny. The community should be part of the decision-making process about how revenue is raised and spend. Community participation in budgeting should include those groups in the community, such as women, who face particular constraints in participating. It must also include a capacity-building component to ensure that people understand the prioritisation process (Why resources are allocated to one area rather than another).

## 5.5 Equity and Redistribution.

The Municipality must treat members of the community equitably with regard to the Provision of services.



## 5.6 Development and Investment.

Meeting basic needs in the context of existing services backlogs, will require increased investment in municipal infrastructure.

## 6. IMPLEMENTATION OF TARIFF POLICY

### 6.1 Free Basic Services

A basic service is a service that is necessary to ensure an acceptable and reasonable Quality of life and, if not provided, would endanger public health or safety of the environment. The Municipality will aim to achieve the goal of providing free basic services to poor households. Therefore, this Tariff Policy has been developed in conjunction with the Ga-Segonyana Municipality's Indigent Policy.

The specific services are:

- Electricity;
- Water;
- Sewerage; and
- Refuse Removal.

The Council is aware that it currently does not provide all these services to all residents within its municipal area. It is also aware that some of the services it currently provides in conjunction with the above-mentioned services may be transferred or assigned to other bodies. In the latter case, the Council commits to make representations and negotiate with those service providers to achieve its goal.

### 6.2 Affordable Tariffs

The Council is aware of the financial situation of most residents within the municipal area. Therefore, the Council undertakes to keep tariffs at affordable levels.

In order to ensure that tariffs remain affordable, the Council will ensure that:

- Services are delivered at an appropriate level;
- Efficiency improvement are actively pursued across the Municipality's operations;
- A performance management system is introduced to ensure that plans that are devised are actually implemented, that resources are obtained as economically as possible, used efficiently and effectively and that appropriate service delivery mechanisms are used;



To increase affordability for indigent persons, the Council will ensure that its equitable share of revenue raised nationally, will be used to subsidise a certain level of basic services for them.

### 6.3 Tariff Equality for Services and Property Rates

The Council believes that all residents and ratepayers must pay the same tariff for the same level and quality of service. However different categories of properties can have different tariffs.

### 6.4 Property Rates

Property Rates must be levied and is payable in respect of all ratable properties within the municipal jurisdiction area. The Council will ensure that all properties are valued in terms of the applicable legislation during the next financial year. The Tariffs for Property Rates will be reviewed at least once during every financial year and be used by the Municipality to perform its functions.

### 6.5 Payment for Services Rendered

The Council believes that consumers of services must pay for the amount of services that they use. Where it is possible to measure the consumption of services, the Council intends to install metering system and also take into account the free service element.

### 6.6 Local Economic Development and Competitiveness

The Council will take care that the municipal account presented to local businesses are fair. To ensure fairness toward local business, the Council will, when it determines tariffs, take into account the desire:

- To promote local economic competitiveness; and
- To promote local economic development and growth.

The Municipality levy property rates on market related value and this include the land and building.

### 6.7 Service Delivery Sustainability

The Municipality must ensure that the services that it provides must be sustainable. The tariff for service must be sufficient to cover the cost of the initial capital expenditure and interest thereon, managing and operating the service and maintaining, repairing and replacing the physical assets used in its provision.

## 6.8 Tariff Determination

Tariffs represent the charges levied by Council on consumers for the utilization of services provided by the Municipality and rates on properties. The Council will review its tariffs during the preparation of the annual budget in accordance with the policy stated above.

Immediately after the Council has determined or amended a tariff, the municipal manager must display it at all the offices of the Municipality as well as at such other places within the municipal area as may be determined. Any person who desire to object to such determination or amendment must do so in writing within 14 days after the date on which the notice was displayed.

If no objection is lodged within the period stated in the notice, the determination or amendment will come into operation on the date determined by the Council.

Where an objection is lodged, the Municipality will consider the objection. The Council may, after it has considered all objections, confirm, amend, or withdraw the determination or amendment and may determine another on the date on which the determination or amendment will come into operation.

## 7. SOURCES OF REVENUE

In terms of section 229 of the Constitution of the Republic of South Africa Act No.108 Of 1996, the Municipality may impose:

- i. Rates on Property and surcharges on fees for services provided by or on behalf of the Municipality; and
- ii. If authorised by National Legislation, other taxes, levies and duties appropriate to Local Government, but it may not impose income tax, value-added tax, general sales tax or customs duty.

The power of a Municipality to impose rates on property, surcharges on fees for services Provided by or on behalf of the Municipality, or other taxes, levies or duties:

- i. May not be exercised in a way that materially and unreasonably prejudices National Economic Policies, economic activities across municipal boundaries, or the National Mobility of goods, services, capital or labour; and
- ii. May be regulated by National Legislation.

In terms of section 4(1)(a) of the Local Government Municipal Systems Act, No. 32 of 2000, the Council may finance the affairs of the Municipality by:

- i. Charging fees for services; and
- ii. Imposing surcharges on fees, rates on property and to the extent authorised by National Legislation, other taxes, levies and duties.

The Municipality will establish appropriate mechanisms, procedures and processes to Ensure community participation in, amongst other things, the preparation of its budget.

The following provisions will be applicable:

- i. Rates can be paid in not less than 11 consecutive monthly instalments in a financial year if it cannot be paid in one lump sum;
- ii. The revenue of the Municipality consists of the rates, taxes, fees, charges, fines and other sums imposed or recoverable by or payable to the Council under any law;
- iii. Interest is charge equals to Prime Rate + 1%.
- iv. 10% Penalty fee is charged for services in arrears.

Section 16 of the Local Government Municipal Systems Act, No. 32 of 2000 requires the Municipality to establish appropriate mechanisms, procedures and processes to ensure community participation in, amongst other things, the preparation of its Budget.

Section 10G(a)(ii) of the Local Government Transition Act, No. 97 of 1996 authorises the Municipality to levy and recover, by resolution supported by a majority of the members of Council levies, fees, taxes and tariffs in respect of any function or services of the Municipality. It further authorises the Municipality, when it determines Property Rates, levies, fees, taxes and tariffs:

- i. Differentiate between different categories of users or property on such grounds as it may deem reasonable;
- ii. In respect of services charges from time to time by resolution, amend or withdraw such determination, amendment or withdrawals will come into operation;
- iii. Advertise on notice boards calling for objections; and
- iv. Recover any charges so determined or amended, including interest on any outstanding amount.

## **8. TARIFF STRATEGY**

The Council's strategy is to recover the full financial cost of rendering the services required By the community from the community, including the cost of capital:

- i. The starting point to recover cost is the determination of service levels. These shall be based on basic human needs;
- ii. The second point will be to ensure a sustainable service delivery based on the set service levels; and
- iii. The third point will be the upgrade of services to higher levels in accordance with the affordability of the community and the ability to render the upgraded services in a sustainable manner.

### **8.1 Recovery of Cost.**

Resource management expenditure is those activities that are required to regulate, manage and maintain the services.

## 8.2 Capital Costs (Depreciation).

Capital cost expenditure is the Council's obligation to meet the repayment on loans negotiated to finance the provision of the service.

## 8.3 Maintenance Costs.

These are normal running costs to maintain the services at the established level of service provision.

## 8.4 Consumption/Usage.

In the case of measurable services, the actual cost of usage of the services is easily determined.

## 8.5 Cost of Immeasurable Services

These services are normally community and subsidised services and the cost will be recoverable through a rating policy as determined from time to time. Recovery of costs will therefore be equalised over the total area of jurisdiction of the Council and the principle of collective payment will apply.

# 9. CLASSIFICATION OF SERVICES

Traditionally, municipal services have been classified into four groups based on how they are financed. The four groups are as follows:

## 9.1 Trading Services.

Water and electricity provision are trading services. Typically the consumption of a Trading services is measurable and can be apportioned to an individual consumer. These Services are managed like businesses. The tariffs for these services are determined in such a way that a net trading surplus is realized. The trading surplus is used to subsidise the tariff of non-trading services, in other words to relieve property rates.

## 9.2 Economical Services.

Sewerage and domestic household removal are economic services. The consumption of an economic service can be measured or determined with reasonable accuracy and apportioned to an individual consumer. Whilst they are also managed like businesses, the tariffs for these services are normally determined in such a way that user charges cover the cost of providing the service.

### 9.3 Subsidised Services.

Subsidised services include fire fighting, approving building plans and the construction of Buildings, leasing of municipal facilities, selling of burial sites and certain town planning Functions. Subsidised services are those services the consumption of which can be Determined reasonably accurately and apportioned to individuals and consumers. However, if the tariffs of using this service were based on its real cost, nobody would be Able to afford it. In most cases not only would the consumer benefit from using the Service, but also other persons. A user charge is payable for using the service, but the Tariff is much lower than the real cost of providing the service.

### 9.4 Community Services

Community services are those services the consumption of which cannot be determined nor apportioned to individual consumers. These services are typically financed through finance rates. Examples are the establishment, operation and maintenance of parks and recreation facilities, provision and maintenance of roads and storm water drainage systems, the establishment, management and maintenance of cemeteries and traffic regulation.

The Municipality also provides services in support of the above-mentioned services. These are called staff functions and include committee services, records and archives, Financial management accounting and stores, occupational health and human resources Management. These services are financed through property rates.

## **10. CATEGORIES OF USERS**

The tariff structure of the Ga-Segonyana Municipality will make provision for the Following categories of users:

- i. Domestic;
- ii. Commercial;
- iii. Industrial;
- iv. Agricultural;
- v. Rural;
- vi. Municipal Services; and
- vii. Special agreement for users not falling in any of the above-mentioned categories.

## **11. TARIFF CHARGES**

### 11.1 Property Taxation

The major source of local taxation is the property tax (property rates). The owners of property in municipal area have to pay a tax based on a valuation of their properties in order to finance certain municipal services. While this tax is by no means the sole source of municipal revenue, it is an important source of discretionary revenue for the Municipality and enables it to function effectively. For details of property taxation refer

to the Property Rates Policy of the Ga-Segonyana Municipality.

## 11.2 Services Charges

An important source of local own revenue is charges that are directly related to the provision of municipal services. The majority of these are utility charges, such as electricity and water which have contributed significantly to the growth of Municipalities' Revenue. Cost recovery is an essential part of sustainable service delivery. In adopting What is fundamentally a two-part tariff structure, namely a fixed availability charge Coupled with a charge based on consumption, the municipality believes that it is properly Attending to the demands which both future expansion and variable demand cycles and Other fluctuations will make on service delivery.

### 11.2.1 Electricity

The various categories of electricity consumers, as set out below, shall be charged at the Applicable tariffs, as approved by the Council in each annual budget. Tariff adjustments shall be effective from 1 July each year or as soon as possible thereafter.

Categories of consumption and charges shall be as follows:

- i. All electricity consumers shall be billed for their electricity consumption at the tariff applicable to the category in which the particular consumer falls.
- ii. All domestic electricity consumers of the municipality who are registered as indigents with the municipality shall receive free the first 50kWh of electricity consumed per month.

### 11.2.2 Water

The categories of water consumers as set out below shall be charged at the applicable Tariffs, as approved by the Council in each annual budget. Tariff adjustment shall be Effective from 1 July each year.

Categories of consumption and charges shall be as follows:

- i. All domestic water consumers registered as indigents with the municipality shall receive free the first 6 kl of water consumed per month. Thereafter normal tariff charge per consumption will apply.
- ii. All other domestic consumers shall be charged for actual water consumption.
- iii. All other consumers, including businesses, industries and institutional consumers shall pay the same single tariff per kl, irrespective of the volume of water consumed.

### 11.2.3 Refuse Removal

The categories of refuse removal users as set out below shall be charged at the applicable Tariffs, as approved by the Council in each annual budget. Tariff adjustment shall be Effective from 1 July each year.

Fixed monthly charge based on the costs of the services shall be charged for domestic users based on the 1 x removal per week.

Fixed monthly charge based on the costs of the services shall be charged for business users per holder 1 to 5 x removal per week.



Availability charge based on removals per week shall be charged for residential and business.

Availability charge based on the properties which are not connected to the main service Which may in the opinion of the Municipality be provided with necessary service.

#### 11.2.4 Sewerage

The categories of sewerage users as set out below shall be charged at the applicable Tariffs, as approved by the Council in each annual budget. Tariff adjustment shall be effective from 1 July each year.

A basic charge per month shall be charged for all consumers excluding rebate consumers.

Fixed monthly charge based on the costs of the services shall be charged for domestic users per sewer/toilet .

Fixed monthly charge based on the costs of the services per sewer point/toilet shall be charged to all businesses, industries and institutional users.

Fixed monthly charge based on the costs of the services per sewer point/toilet shall be charged to the municipality department users.

Availability charge based on the properties which are not connected to the main service Which may in the opinion of the Municipality be provided with necessary service.

#### 11.2.5 Suction Services

A basic charge per month to be levied with the exception that no charge will be levied In the event that a suction services was rendered in a particular month.

Suction services during normal working hours will be:

- Suction cost per kilolitre; plus
- Transport charges = Cost + 20% per kilometre

#### 11.2.6 Consumer Deposits

Consumer Deposit on services will be charged on all residential and business properties.

Note that the new consumers blacklisted at Credit Bureau will be liable for 2 x applicable Deposit excluding Indigent Households.

#### 11.2.7 Prepaid

Tariffs for pre-paid meters shall be the same as the ordinary consumption tariffs levied On the category of consumer concerned, but no availability charge shall be levied on properties where pre-paid meters have been installed.

No basic charge per meter installed is billed/levied to on properties.

### 11.3 Sundries

The following services shall be considered as economic services, and the tariffs levied shall cover 100% of the budgeted annual operating expenses of the service concerned:

- i. Maintenance of graves.
- ii. Building Plan fees.
- iii. New connection fees for electricity, water and sewerage.
- iv. Photostat copies and fees.

The following services shall be considered as regulatory or punitive, and shall be determined as appropriate in each annual budget:

- i. Advertising sign fees.
- ii. Sale of graves.
- iii. Disconnection and reconnection fees for electricity and water.
- iv. Penalty and other charges imposed in terms of the approved policy on credit control and debt collection.
- v. Penalty charges on outstanding services account for submission of dishonoured cheques.

## **12. RESPONSIBILITY AND ACCOUNTABILITY**

The Council or designates of the Council have the overall responsibility of laying down the Tariff Policy. The Municipal Manager or delegated official(s) by the Municipal Manager have the responsibility to ensure that the Tariff Policy is in place and that it is effectively implemented.

**TARIFF(RATES AND TAXES) 2017/18**

**Note:** The percentage increases are on average 6.4% and 7.4% (rounded off where applicable) excluding electricity

**1. MUNICIPAL SERVICES****1.1 ASSESSMENT RATES  
ZERO RATED VAT**

1.1.1 Market Value		0.006373	0.006736	0.007114
Households		0.010785	0.011400	0.012038
Business		0.008531	0.009017	0.009522
Guesthouses and multiuse (i.e. surgery, tuckshop etc)		0.000320	0.000338	0.000357
Agriculture		0.019727	0.020851	0.022019
State Owned Property				
Indigent households qualify for exemption <u>but</u> only upon registration as indigents.				
Residential households qualify for R25,000.00 exemption on the value of the property.				

**1.2 ELECTRICITY TARIFFS - MONTHLY CHARGES  
VAT EXCLUDED(BUT PAYABLE)**

1.2.1 PROPERTIES USED FOR RESIDENTIAL PURPOSES AND SCHOOL HOSTELS				
Indigent Households with an income < R4,120.00		R 0.00	R 0.00	R 0.00
1.2.1.1 Lifeline (Cut off 400kWh and Rebate Users)	0 - 50	R 0.86	R 0.91	R 0.96
	51 - 350	R 1.08	R 1.14	R 1.21
	351 - 600	R 1.42	R 1.50	R 1.58
or				
1.2.1.2 Basic Charge		R 106.26	R 112.32	R 118.61
Usage per kWh	0 - 50	R 0.86	R 0.91	R 0.96
	51 - 350	R 1.08	R 1.14	R 1.21
	351 - 600	R 1.47	R 1.55	R 1.64
	>600	R 1.54	R 1.63	R 1.72
Prepaid per kWh usage				
Indigent Households with an income < R3,900.00	0 - 50	R 0.00	R 0.00	R 0.00
	51 - 350	R 0.86	R 0.91	R 0.96
	351 - 600	R 1.08	R 1.14	R 1.21
	>600	R 1.47	R 1.55	R 1.64
Prepaid per kWh usage(>600)		R 1.54	R 1.63	R 1.72
1.2.2 BUSINESSES (1-39kWh)		R 489.44	R 517.34	R 546.31
Basic Charge		R 1.30	R 1.37	R 1.45
Usage per kWh				
or		R 1.84	R 1.94	R 2.05
Prepaid per kWh usage				
1.2.3 GUEST HOUSES AND MULTIUSE (SURGERY, TUCKSHOP ETC)				
Basic Charge		R 294.46	R 311.24	R 328.67
Usage per kWh		R 1.25	R 1.32	R 1.40
or		R 1.53	R 1.62	R 1.71
Prepaid per kWh usage				
1.2.4 BULK USERS (40-69KVA)				
Basic Charge		R 658.39	R 695.92	R 734.89
Usage per KVA		R 200.54	R 211.97	R 223.64
Usage per kWh		R 0.92	R 0.97	R 1.03
OR AFTER PEAK HOURS				
Basic Charge		R 664.81	R 702.70	R 742.06
Usage per KVA		R 197.31	R 208.56	R 220.24
Usage per kWh		R 0.92	R 0.97	R 1.03
NOTE: A minimum KVA charge is payable based on 40 KVA/Month				

## 1.2.5 BULK USERS ( 70 KVA AND MORE)

Basic Charge	R 1,912.62	R 2,021.64	R 2,134.85
Usage per KVA	R 220.97	R 233.57	R 246.64
Usage per kWh	R 0.69	R 0.73	R 0.77
or after peak hours			
Basic Charge	R 2,760.12	R 2,917.45	R 3,080.82
Usage per KVA	R 224.59	R 237.39	R 250.69
Usage per kWh	R 0.69	R 0.73	R 0.77

## 1.2.6 BULK USERS 2 ( 70 KVA AND MORE)

Transformer supplied by the Municipality

Basic Charge	R 2,775.74	R 2,933.96	R 3,098.26
Usage per KVA	R 220.97	R 233.57	R 246.64
Usage per kWh	R 0.99	R 1.05	R 1.11
or after peak hours			
Basic Charge	R 2,775.74	R 2,933.96	R 3,098.26
Usage per KVA	R 220.97	R 233.57	R 246.64
Usage per kWh	R 0.99	R 1.05	R 1.11

## 1.2.7 Schools, show grounds, departmental users, non-profit organisations old age homes, churches, sport facilities per kWh usage

	R 1.74	R 1.84	R 1.94
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## 1.2.8 Load Control - Refusal to install Plus surcharge on kWh Tariff

	R 0.24	R 0.25	R 0.27
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## 1.2.9 Availability charge: This fee is payable in respect of any property that is not connected to the Main Service which may in the opinion of the Municipality be provided with the necessary service, excluding vacant land

	R 273.19	R 288.76	R 304.93
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## 1.2.10 Shifting of Prepaid meters

	R 3,047.86	R 3,221.59	R 3,402.00
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## 1.2.11 Reverting back from prepaid power to conventional metered p

	R 3,047.86	R 3,221.59	R 3,402.00
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## 1.2.12 Temporary meters (220v 3-phase mainstream breaker - 80amps)

	R 835.50	R 883.12	R 932.58
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## 1.3. WATER SERVICES - EXCLUDING VAT(BUT PAYABLE) - MONTHLY CHARGES

## VAT EXCLUDED(BUT PAYABLE)

## 1.3.1 Indigent Households with an income &lt; R3,900.00

0kl - 6kl	R 0.00	R 0.00	R 0.00
7kl-12kl	R 9.37	R 9.90	R 10.46
13kl-35kl	R 9.64	R 10.19	R 10.76
36kl>	R 9.73	R 10.28	R 10.86

## 1.3.2 RESIDENTIAL PROPERTIES

0kl - 12kl	R 9.37	R 9.90	R 10.46
13kl-35kl	R 9.64	R 10.19	R 10.76
36kl>	R 9.73	R 10.28	R 10.86
	R 6.98	R 7.38	R 7.79

## SEDIBENG AREAS (HOUSEHOLDS ONLY)

## 1.3.3 NON-PROFIT ORGANISATION

0kl - 12kl	R 9.37	R 9.90	R 10.46
13kl-35kl	R 9.64	R 10.19	R 10.76
36kl>	R 9.73	R 10.28	R 10.86

## 1.3.4 GUEST HOUSES AND MUTUUSE (SURGERY, TUCKSHOP ETC)

Basic Charge

	R 26.85	R 28.38	R 29.97
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Per kiloliter usage

	R 10.74	R 11.35	R 11.99
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**TARIFF SCHEDULE 2017/18 FINANCIAL YEAR**

	2017/18	2018/19	2019/20
<b>1.3.4 ALL OTHER PROPERTIES NOT DEFINED ABOVE (BUSINESS AND GOVERNMENT BUILDINGS)</b>			
Basic Charge	R 55.94	R 59.13	R 62.44
Per kiloliter usage	R 16.16	R 17.08	R 18.04
Bulk water purchases (Commercial) Per kl	R 70.00	R 73.99	R 78.13
1.3.5 SEWER WATER IRRIGATION	R 189.76	R 200.58	R 211.81
Filling of swimmingpool + VAT	R 433.67	R 458.39	R 484.06
Swimming pool draining	R 562.70	R 594.77	R 628.08
1.3.6 First Eye (Water)			
Per Liter	R 6.00	R 6.34	R 6.70
<b>1.4. DOMESTIC REFUSE - MONTHLY CHARGES</b>			
<b>VAT EXCLUDED</b>			
1.4.1 Residential - 1 x removal/week			
R0 - R4 120	R 0.00	R 0.00	R 0.00
> R4 120	R 100.02	R 105.72	R 111.64
1.4.3 GARDEN (RESIDENTIAL) REFUSE			
1. Removal (with 14 days notice) (If dumped in dumping site by resident) (If dumped outside property a fine of R500.00 may be levied) (On open sites, the owner will be penalized R150.00)	R 274.20	R 289.83	R 306.06
Illegal Dumping (Household)	R 1,000.00	R 1,057.00	R 1,116.19
Illegal Dumping (Business and organ of state)	R 3,000.00	R 3,171.00	R 3,348.58
1.4.4 BUSINESSES			
Per holder 1 to 5 x removals per week	R 205.53	R 217.24	R 229.41
AVAILABILITY CHARGES(RESIDENTIAL AND BUSINESS), excluding vacant land			
1 x removal per week	R 156.32	R 165.23	R 174.49
2 x removal per week	R 278.31	R 294.17	R 310.65
3 x or more removals per week	R 414.08	R 437.68	R 462.19
This fee is payable in respect of any property that is not connected to the main service which may in the opinion of the Municipality be provided with the necessary service.			
1.4.5 Use of Landfillsite			
Per truck	R 2,148.00	R 2,270.44	R 2,397.58

**NOTE:**

The Community Service Department provides the information for the quantity removals per week and on which the tariff is established.

**1.5. SEWERAGE SERVICES - MONTHLY CHARGES**  
**VAT EXCLUDED(BUT PAYABLE)**

1.5.1 Basic charge: All consumers excluding rebate consumers	R 77.50	R 81.91	R 86.50
1.5.2 ADDITIONAL CHARGES ( i.e.number of toilets)			
1.5.2.1 RESIDENTIAL (Including Businesses on Residential Properties, Flats)			
1 Toilet	R 53.07	R 56.10	R 59.24
2 Toilets	R 106.15	R 112.20	R 118.48
3 Toilets and more	R 123.80	R 130.86	R 138.19
20% Rebate Consumers fixed	R 70.97	R 75.01	R 79.21
40% Rebate Consumers fixed	R 63.96	R 67.60	R 71.39

## TARIFF SCHEDULE 2017/18 FINANCIAL YEAR

2017/18 2018/19 2019/20

## 1.5.2.2 OTHER PER TOILET

Non profitable	R 21.47	R 22.69	R 23.96
Churches and old age homes	R 21.47	R 22.69	R 23.96
Schools and school hostels	R 21.47	R 22.69	R 23.96
Hotels, prison and hospital	R 209.64	R 221.59	R 234.00
Businesses and industries	R 209.64	R 221.59	R 234.00
Departmental	R 123.80	R 130.86	R 138.19

R 195.49 R 206.64 R 218.21

## 1.5.3 AVAILABILITY CHARGES

This fee is payable in respect of any property that is not connected to the main service which may in the opinion of the Municipality be provided with the necessary service, excluding vacant land

1.6. SUCTION SERVICES (SEWERAGE) - MONTHLY CHARGES  
VAT EXCLUDED

1.6.1 Basic charge per month to be levied with the exception that no charge will be levied in the event that a suction service was rendered in a particular month.	R 82.21	R 86.90	R 91.76
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## 1.6.2 SUCTION SERVICES:

Ga-Segonyana area per kiloliter	R 48.42	R 51.18	R 54.04
Transport per km (Empty)	R 3.20	R 3.39	R 3.58
(Loaded)	R 3.87	R 4.09	R 4.32

## OUTSIDE GASEGONYANA AREA

Per kiloliter	R 48.84	R 51.63	R 54.52
Transport per km (Empty)	R 6.47	R 6.84	R 7.22
(Loaded)	R 9.07	R 9.58	R 10.12

Dumping at Sewer Plant (per load)

R 846.30 R 894.54 R 944.63

1.7 CONSUMER DEPOSITS  
VAT NOT LEVIABLE

1.7.1 Residential Properties:	Kuruman	R 3,262.88	R 3,448.87	R 3,642.01
	Wrenchville	R 3,262.88	R 3,448.87	R 3,642.01
	Mothibstad	R 914.12	R 966.22	R 1,020.33
	Bankhara-Bodulung	R 431.67	R 456.27	R 481.82
	All Indigent Households	R 431.67	R 456.27	R 481.82
	Households pre-paid metering	R 1,599.70	R 1,690.89	R 1,785.57
1.7.2 Business Properties:	Kuruman	R 3,999.26	R 4,227.21	R 4,463.94
	Wrenchville	R 2,399.55	R 2,536.33	R 2,678.36
	Mothibstad	R 2,399.55	R 2,536.33	R 2,678.36
	Bankhara-Bodulung	R 2,399.55	R 2,536.33	R 2,678.36
	Pre-paid Metering	R 1,917.10	R 2,026.38	R 2,139.86
	180+ amp Users	R 4,989.55	R 5,273.95	R 5,569.29

**NOTE:** New Consumers blacklisted at Credit Bureau:-  
Applicable deposit x 2.0 excluding registered indigent Households

1.8 CONNECTION FEES CONSUMER SERVICES  
VAT EXCLUDED

Electricity	R 199.55	R 210.92	R 222.73
Water	R 199.55	R 210.92	R 222.73
Sewer			

A 50% rebate is allowed for all registered indigent households (R3,900.00)

NEW CONNECTIONS for water, electricity and sewerage  
VAT Excluded but payable

## 1.8.1 Fire water connection (cost plus 10%)

1.9 METER TESTING  
VAT EXCLUDED BUT PAYABLE

Electricity Installation Safety	R 544.13	R 575.15	R 607.36
Water or Electricity Meters	R 544.13	R 575.15	R 607.36

1.10 INVESTIGATION OF COMPLAINTS  
VAT EXCLUDED BUT PAYABLE

Normal working hours	R 417.17	R 440.95	R 465.65
After hours	R 544.13	R 575.15	R 607.36

## 1.11 TAMPERING FEE / BYPASS(METERS)

Penalty: Households	R 10,000.00	R 10,570.00	R 11,161.92
: Business	R 50,000.00	R 52,850.00	R 55,809.60
: Industrial	R 80,000.00	R 84,560.00	R 89,295.36
Plus: Average must be determined			
Plus: Cost of replacing the meter			



**1.12 COMPUTER PRINT OUT PER PAGE  
VAT EXCLUDED**

Per page	R 3.71	R 3.92	R 4.14
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**1.13 DEBT COLLECTION ADMINISTRATION**
**1.13.1 VAT EXCLUDED(BUT PAYABLE)**

1.13.2 Administration cost per record per month	R 45.39	R 47.98	R 50.67
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**Default/non-payment of accounts:**

Telephone notice	R 63.48	R 67.10	R 70.85
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Written final notice	R 99.77	R 105.46	R 111.37
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Re-connection of services - Households	R 479.70	R 507.04	R 535.43
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<b>1.14</b> Re-connection of services -Businesses	R 799.49	R 845.06	R 892.39
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**COLLECTION COSTS**

Final notice posted or delivered	R 99.77	R 105.46	R 111.37
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Summons: Revenue stamp

Sheriff fees

Advertisements	R 99.77	R 105.46	R 111.37
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<b>1.15</b> Judgement notice to debtor			
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**2. COMMUNITY FACILITIES**
**2.1 MUNICIPAL BUILDINGS**
**VAT INCLUDED - RENTAL PER OCCASION**
**2.1.1 TOWN HALL AND CIVIC CENTRE:**

Rental	R 2,990.04	R 3,160.47	R 3,337.46
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Use of kitchen facilities	R 1,002.51	R 1,059.65	R 1,118.99
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Deposit	R 3,992.55	R 4,220.12	R 4,456.45
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Entertainment events - Rental	R 7,985.10	R 8,440.25	R 8,912.90
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Deposit	R 10,000.00	R 10,570.00	R 11,161.92
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10% Discount where there is an entrance fee for Charitable occasions.

**TARIFF SCHEDULE 2017/18 FINANCIAL YEAR**
**2017/18      2018/19      2019/20**
**1.1.1.1 OTHER FACILITIES AT CIVIC CENTRE**

Use of braai facilities	R 1,002.51	R 1,059.65	R 1,118.99
Use of kitchen facilities	R 1,002.51	R 1,059.65	R 1,118.99
Deposit on kitchen equipment	R 1,986.93	R 2,100.19	R 2,217.80

**2.1.1.2 DEPOSIT PER OCCASION**

Where no entrance fees are charged by organisation in 7.1, for example training groups schools and churches, meetings sport clubs/schools/churches/charity organisations/agricultural unions/pauper burial services:

Rental per occasion	R 879.38	R 929.51	R 981.56
Deposit per occasion	R 1,002.51	R 1,059.65	R 1,118.99

**2.1.1.3 Rental of halls by government departments and unions**

Rental per occasion	R 879.38	R 929.51	R 981.56
Deposit per occasion	R 1,407.11	R 1,487.31	R 1,570.60

**2.1.1.4 Rental of halls by government departments, unions for meeting purpose of writing examinations, per occasion.**

	R 879.38	R 929.51	R 981.56
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**2.1.2 LIBRARY HALL PER OCCASION**

Rental	R 404.48	R 427.53	R 451.47
Deposit	R 298.36	R 315.36	R 333.02

10% Discount for Charitable groups.

**2.1.3 Rental of TABLES AND CHAIRS ( charitable and church organisation):**

Per table	R 119.60	R 126.42	R 133.50
Deposit per table	R 160.02	R 169.14	R 178.61
Per chair	R 6.35	R 6.71	R 7.09
Deposit per chair	R 10.54	R 11.14	R 11.76
Transport per km	R 4.07	R 4.30	R 4.55

**2.1.4 COMMUNITY HALLS**

Rental	R 500.00	R 528.50	R 558.10
Deposit	R 1,002.51	R 1,059.65	R 1,118.99
Use of kitchen facilities	R 201.89	R 213.40	R 225.35
Entertainment events - Rental	R 1,000.00	R 1,057.00	R 1,116.19
Deposit	R 1,500.00	R 1,585.50	R 1,674.29

**2.1.5 RENTAL HOSTELS**

Rental - smaller room	R 1,134.22	R 1,198.87	R 1,266.01
Rental - small room	R 1,361.07	R 1,438.65	R 1,519.21
Rental - medium room	R 1,701.34	R 1,798.31	R 1,899.02

**2.1.6 DEPOSIT HOSTELS**

Deposit - smaller rooms	R 1,197.74	R 1,266.01	R 1,336.91
Deposit - small room	R 1,437.29	R 1,519.21	R 1,604.29
Deposit - medium room	R 2,155.93	R 2,278.82	R 2,406.44

**2.1.7 TRANSNET SITE**

Cost per square meter	R 39.95	R 42.22	R 44.59
Minimum charge	R 1,007.04	R 1,064.44	R 1,124.05

**2.1.8 RENTAL OFFICES**

Cost per square meter (Under roof) as measured over the external wall of the building	R 56.39	R 59.61	R 62.94
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**2.2 SPORTS GROUND**
**VAT INCLUDED - RENTAL PER OCCASION**
**2.2.1 Muthibi, W/Ville, Batharos, B/Bodulong, Gantatlang and Gamopedi**

Friendly games: Rental	R 239.55	R 253.20	R 267.38
Deposit	R 239.55	R 253.20	R 267.38
Outside teams : Rental	R 1,064.00	R 1,124.65	R 1,187.63
Deposit	R 1,064.00	R 1,124.65	R 1,187.63
Betting games (Tournaments): Rental	R 958.19	R 1,012.81	R 1,069.53
Deposit	R 958.19	R 1,012.81	R 1,069.53
Festivals and Bashes: Rental(Category A) *	R 15,000.00	R 15,855.00	R 16,742.86
Deposit	R 15,000.00	R 15,855.00	R 16,742.86
Festivals and Bashes: Rental(Category B) *	R 5,389.83	R 5,697.05	R 6,016.09
Deposit	R 8,983.05	R 9,495.09	R 10,026.81

\*Categories will be determined by the Municipality

Developmental games (Schools, Charities, Sports and culture pr	R 419.21	R 443.10	R 467.92
	R 419.21	R 443.10	R 467.92

## 2.3

## 2.3.1 GRAVE YARD

## VAT INCLUDED - LEVIES PER OCCASION

2.3.2 A 50% rebate is allowed for state pensioners, medical disabled persons and households who only receive a child grant.

2.3.3 Graves at no charge is delegated to Municipal Manager for approval and report back to Council.

2.3.4 A rebate of R50,00 is allowed for private persons who dig graves themselves.

## 2.3.4.1 GRAVES FEES

## 2.3.4.2 RESIDENTS OF GA-SEGONYANA

Applicable in accordance with the following set conditions namely, proof of income of household must be submitted with reservation and payment of grave and death certificate to establish age of the deceased.

2.3.4.3 Income R0 - R4,120		R 139.72	R 147.66	R 155.95
	6 - 13 years of age	R 223.50	R 236.24	R 249.47
	14 years and older	R 279.44	R 295.37	R 311.91
	Double graves	R 410.94	R 434.36	R 458.69
	Deeper graves	R 378.06	R 399.61	R 421.99
2.3.4.4 Income R4,120 - R5,000:		R 279.44	R 295.37	R 311.91
	6 - 13 years of age	R 378.06	R 399.61	R 421.99
	14 years and older	R 460.23	R 486.47	R 513.71
	Double graves	R 657.50	R 694.98	R 733.90
	Deeper graves	R 394.54	R 417.02	R 440.38
2.3.4.5 Income R5,001 - R6,500:		R 378.06	R 399.61	R 421.99
	6 - 13 years of age	R 509.52	R 538.56	R 568.72
	14 years and older	R 657.50	R 694.98	R 733.90
	Double graves	R 1,232.82	R 1,303.09	R 1,376.06
	Deeper graves	R 986.22	R 1,042.43	R 1,100.81
2.3.4.6 Income R6,501 - R8,500:		R 410.94	R 434.36	R 458.69
	6 - 13 years of age	R 657.50	R 694.98	R 733.90
	14 years and older	R 739.72	R 781.89	R 825.67
	Double graves	R 1,315.00	R 1,389.95	R 1,467.79
	Deeper graves	R 1,068.44	R 1,129.34	R 1,192.59
2.3.4.7 Income R8,501 and higher:		R 657.50	R 694.98	R 733.90
	6 - 13 years of age	R 739.72	R 781.89	R 825.67
	14 years and older	R 871.24	R 920.90	R 972.47
	Double graves	R 1,643.78	R 1,737.47	R 1,834.77
	Deeper graves	R 1,150.67	R 1,216.26	R 1,284.37
3ern system and build out of graves		R 3,912.18	R 4,135.17	R 4,366.74
2.3.4.9 NON-RESIDENTS		R 1,019.16	R 1,077.25	R 1,137.58
	13 years and older	R 1,347.88	R 1,424.71	R 1,504.49
	Double graves	R 1,676.60	R 1,772.16	R 1,871.40
2.3.4.9 6ern system and build out of graves		R 5,227.18	R 5,525.13	R 5,834.54

## 2.4 CARAVAN PARK

### VAT INCLUDED

2.4.1 Pensioners above the age of 60 years qualify for a rebate of 10% on all tariffs.

#### 2.4.2 OVERNIGHT TARIFFS:

4 bed Exclusive Chalet

R 821.89 R 868.74 R 917.39

3 bed Chalet

R 687.38 R 726.56 R 767.25

Single room

R 427.35 R 451.71 R 477.01

Encampment per caravan or tent

R 197.27 R 208.51 R 220.19

Organised caravan clubs, 5 caravans or more per caravan

R 197.27 R 208.51 R 220.19

Block reservations, excluding exclusive chalet per Chalet:

4 Bed

R 575.33 R 608.13 R 642.18

3 Bed

R 443.82 R 469.12 R 495.39

#### 2.4.3 DEPOSIT:

Per Chalet

R 460.29 R 486.53 R 513.77

Per Room

R 279.44 R 295.37 R 311.91

## 2.5 NATURE RESERVE

### VAT INCLUDED - ENTRANCE FEE

Organised school children (per child)

R 5.99 R 6.33 R 6.68

Children

R 11.98 R 12.66 R 13.37

Adult

R 23.95 R 25.32 R 26.74

Vehicle

R 35.93 R 37.98 R 40.11

Bus

R 119.77 R 126.60 R 133.69

## 2.6 THE EYE

### VAT INCLUDED - ENTRANCE FEE

Organised school children (per child)

R 5.99 R 6.33 R 6.68

School Children

R 11.98 R 12.66 R 13.37

Adults

R 23.95 R 25.32 R 26.74

Wedding per group of 20

R 359.32 R 379.80 R 401.07

## 2.7 SWIMMING BATHS

### VAT INCLUDED - ENTRANCE FEE

Children

R 11.98 R 12.66 R 13.37

Adults

R 23.95 R 25.32 R 26.74

Supervisors

R 11.98 R 12.66 R 13.37

## 2.8 ENCROACHMENT

### VAT INCLUDED

Fees

R 122.29 R 129.26 R 136.50

## 2.9 ILLEGAL LAND USE

### VAT INCLUDED

With minimum penalty of

R 19,945.02 R 21,081.88 R 22,262.47

With maximum penalty of

R 59,852.65 R 63,264.25 R 66,807.05

Depends on size of stand.

## 2.10 TRADE LICENCES

### VAT INCLUDED

Per licence

R 59.89 R 63.30 R 66.85

**2.11 HAWKERS LICENCES****VAT INCLUDED**

Sidewalks	R 59.89	R 63.30	R 66.85
Those who need services	R 4,072.32	R 4,304.44	R 4,545.49
<b>Administration fees:</b>			
Trade licences	R 179.66	R 189.90	R 200.54
Hawkers licences	R 59.89	R 63.30	R 66.85
Established businesses (New)	R 299.44	R 316.50	R 334.23

**2.12 ILLEGAL LOGGING AT TUCKSHOPS & SHOPS****VAT INCLUDED**

Penalty	R 3,992.55	R 4,220.12	R 4,456.45
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**2.13 LIBRARY****VAT INCLUDED**

Identity ticket replacement due to misplacement	R 59.77	R 63.17	R 66.71
Admin Levy books outstanding after 4 weeks	R 49.23	R 52.03	R 54.95
User fees for non Go-Segonyana Residents	R 193.49	R 204.52	R 215.98

**2.14 ADVERTISING SIGNS AND HOARDINGS****2.14.1 Advertising signs**

Cost per square meter	R 126.96	R 134.20	R 141.71
Minimum charge	R 1,269.60	R 1,341.97	R 1,417.12
Guest house Board-Single sided	R 507.84	R 536.79	R 566.85
Guest house Board-double sided	R 710.98	R 751.50	R 793.59

**2.14.2 BANNERS**

Deposit	R 812.55	R 858.86	R 906.96
Fees per week	R 488.80	R 516.66	R 545.59

**2.14.3 POSTERS**

(i) Application per poster - non profit organisation <b>No commercial advertising and logos of sponsors will appear on posters</b>	R 12.70	R 13.42	R 14.17
(ii) Application for religious, sporting and cultural events, commercial Minimum charge per week	R 63.48 R 126.96	R 67.10 R 134.20	R 70.86 R 141.71
(iii) Application per candidate	R 1,269.60 R 0.00	R 1,341.97 R 0.00	R 1,417.12 R 0.00
(iv) Application per registered political party and independents <b>Fully refundable on removal</b>	R 1,269.60	R 1,341.97	R 1,417.12

Excluding present serving councillors that hold and arrange community meetings.  
Poster should be removed within 48 hours. Failing to do so deposit will not be reclaimable

Application to display advertising signs	R 1,269.60	R 1,341.97	R 1,417.12
Advertising signs displayed on municipal property	R 1,904.41	R 2,012.96	R 2,125.68
Advertising fee per month	R 215.83	R 228.14	R 240.91

## TARIFF SCHEDULE 2017/18 FINANCIAL YEAR

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## 2.15 PHOTOCOPIES

## VAT INCLUDED

A4 size	R 1.20	R 1.27	R 1.34
A3 size	R 1.80	R 1.90	R 2.01
A4 size colour	R 1.80	R 1.90	R 2.01
A3 size colour	R 3.59	R 3.80	R 4.01

## 2.16 FAXES PER PAGE

## VAT INCLUDED

Received	R 4.79	R 5.06	R 5.35
Send	R 3.59	R 3.80	R 4.01

Special tariff to Staff and Councillors  
tariff less 20%

## 2.17 TESTING OF VEHICLE BRAKES

## VAT EXCLUDED

Free	R 299.02	R 316.06	R 333.76
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## 2.18 POUNDING FEES

## VAT EXCLUDED

## Impounding:

Trolleys per trolley per day: Minimum	R 4.07	R 4.30	R 4.55
LDV's per LDV per day: Minimum	R 491.07	R 519.06	R 548.13
Horses, donkey's cattle and pigs per day	R 143.73	R 151.92	R 160.43
Sheep and goat (each)	R 59.89	R 63.30	R 66.85
Maintenance:			
Horses, donkey's cattle and pigs per day	R 59.89	R 63.30	R 66.85
Sheep and goat (each)	R 35.93	R 37.98	R 40.11

## 2.19 Grazing Camps

Rental:			
Large Stock	R 43.00	R 45.45	R 48.00
Small Stock	R 13.00	R 13.74	R 14.51

## 2.20 TRAFFIC

Functions, Marches and SportsMonday to Saturday

One or two officers per event	R 1,015.68	R 1,073.58	R 1,133.70
Three or four officers per event	R 2,031.37	R 2,147.16	R 2,267.40
More than four officers per event	R 2,539.21	R 2,683.94	R 2,834.25

Sunday and Public Holidays

Per officer per hour	R 952.20	R 1,006.48	R 1,062.84
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## ESCORT OF ABNORMAL LOADS

Monday to Saturday

Per officer per hour	R 571.32	R 603.89	R 637.71
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Sunday and Public Holidays

Per officer per hour	R 1,904.41	R 2,012.96	R 2,125.68
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Indigent Funerals  
Government Event

## 2.21 AIRSTRIP

## Event

R 10,000.00	R 10,570.00	R 11,161.92
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## 3. LAND USE

## 3.1 GROUND AND GRAVEL SALES

## VAT INCLUDED

3.1.1 Ground Private - per cubic metre	R 299.02	R 316.06	R 333.76
Ground Contractor - per cubic metre	R 299.02	R 316.06	R 333.76
3.1.2 Gravel Private - per cubic metre	R 299.02	R 316.06	R 333.76
Gravel Contractor - per cubic metre	R 299.02	R 316.06	R 333.76



### 3.2 BUILDING AND OTHER PLANS COPIES VAT INCLUDED

#### 3.2.1 Black and White

Size A4(Removed A0)	R 10.00	R 10.57	R 11.16
Size A3(Removed A1)	R 20.00	R 21.14	R 22.32
A2	R 299.02	R 316.06	R 333.76

### 3.3 BUILDING PLAN APPROVAL - VAT INCLUDED VAT INCLUDED

#### 3.3.1 Residential and Agricultural stands

Cost per square metre	R 19.88	R 21.02	R 22.19
Minimum charge	R 1,002.51	R 1,059.65	R 1,118.99
Maximum charge	R 16,955.03	R 17,921.47	R 18,925.07

Penalty: Cost per m<sup>2</sup> + 50% to a minimum of R10,000.00

#### 3.3.2 Business, Guest houses and Industrial stands

Cost per square metre	R 39.94	R 42.22	R 44.59
Minimum charge	R 3,992.55	R 4,220.12	R 4,456.45

Penalty: R100 per day

#### 3.3.3 Government buildings, NGOs, NPOs and churches

Cost per square metre	R 1.00	R 1.06	R 1.12
Penalty: R100 per day			

#### 3.3.4 Residential Zone 2(2 or more Townhouses) per square meter Residential Zone 3 (Flats) per square meter per unit

R 24.15	R 25.53	R 26.96
R 24.15	R 25.53	R 26.96

#### 3.3.5 Occupation certificates

R 100.00	R 105.70	R 111.62
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### 3.4 BUILDING DEPOSITS VAT EXCLUDED(BUT PAYABLE)

#### 3.4.1 Residential: 0 - 80 square metre 80+ square metre

R 1,196.00	R 1,264.17	R 1,334.96
R 1,987.47	R 2,100.75	R 2,218.40

#### 3.4.2 Businesses

R 5,980.02	R 6,320.88	R 6,674.85
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### 3.4.3 INTERNAL ALTERATIONS

#### (i) Residential: 0 - 80 square metre 80+ square metre

R 1,315.60	R 1,390.59	R 1,468.46
R 2,186.24	R 2,310.85	R 2,440.26

#### (ii) Business

R 6,577.99	R 6,952.93	R 7,342.30
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### 3.5 LAND USE MANAGEMENT FEES VAT EXCLUDED(BUT PAYABLE)

#### 3.5.1 Category 1 Applications MPT

Township establishment 0-20 Erfen (Plus R 50 per erf) Plus tariff per erf in addition to the first 20 erfen [Plus bulk service contribution]	R 1,988.29	R 2,101.63	R 2,219.32
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Application for Rezoning	R 1,988.29	R 2,101.63	R 2,219.32
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Removal, amendment or suspension of a restrictive conditions, s against title of the land	R 3,593.22	R 3,798.04	R 4,010.73
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Permanent closure of any public place or road	R 2,395.48	R 2,532.02	R 2,673.82
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Amendment or cancellation in whole or in part of a general pla	R 2,395.48	R 2,532.02	R 2,673.82
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Subdivision/ Consolidation of any land other than the subdivisio category 2 applications per additional portion after 5. the per erf tariff per erf in additional	R 3,593.22	R 3,798.04	R 4,010.73
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Any consent or approval required in terms of a condition of title, or condition of an existing scheme or land use scheme	R 2,989.81	R 3,160.23	R 3,337.21
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#### 3.5.2 Category 2 Applications (Authorised officials)

Application to occupational practice, relaxation of building line amendment of site development plan	R 3,593.22	R 3,798.04	R 4,010.73
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Subdivision/ consolidation of any land where subdivision is expe land use scheme	R 2,994.35	R 3,165.03	R 3,342.27
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Per additional portion after 5. then per erf tariff per erf in addition

The consent of the municipality for any land use purpose or dep land use scheme or existing scheme which does not constitute a land development application	R 2,994.35	R 3,165.03	R 3,342.27
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## TARIFF SCHEDULE 2017/18 FINANCIAL YEAR

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## 3.5.3 Other tariffs as per specific need

Hard Copy of SDF	R 1,796.61	R 1,899.02	R 2,005.36
Hard Copy of Land Use Regulations	R 359.55	R 380.04	R 401.33
Customised product compilation fee (DVD, CD of documents)	R 239.32	R 252.96	R 267.13

## 3.5.4 PENALTY

Application cost + 50%	R 19,945.02	R 21,081.88	R 22,262.47
Minimum	R 59,852.65	R 63,264.25	R 66,807.05
Maximum			

3.6 APPLICATION FOR HOME ENTERPRISE  
VAT EXCLUDED(BUT PAYABLE)

Application fee	R 211.04	R 223.07	R 235.56
Departures land use restrictions on stands			
< 500 square metre	R 211.04	R 223.07	R 235.56
501 - 750 square metre	R 316.56	R 334.61	R 353.34
> 750 square metre	R 316.56	R 334.61	R 353.34

3.7 CERTIFICATE PER ISSUE  
VAT EXCLUDED(BUT PAYABLE)

Valuation	R 246.26	R 260.29	R 274.87
Clearance	R 351.78	R 371.83	R 392.65
Zoning	R 211.04	R 223.07	R 235.56

## 3.8 HIRING OF MACHINES( If machine used less than an hour still pay full price)

Grader per hour	R 914.59	R 966.73	R 1,020.86
ILB per hour	R 562.82	R 594.90	R 628.22
Front end loader	R 879.38	R 929.51	R 981.56
Water truck	R 527.60	R 557.68	R 588.91

## 3.9 CONTRIBUTION TO BULK SERVICES

Payments to be made prior to approval of business plans  
To be levied as per council policy subject to liaison with developers  
when land sales or new developments are concluded

Cost per square metre  
Residential low cost  
Non subsidised household  
Business  
Industrial

## 3.9.1 Water

Intermediate LOS	R 2,649.64	R 2,800.47	R 2,957.51
Low	R 5,705.62	R 6,030.84	R 6,368.56
Medium	R 11,139.53	R 11,774.48	R 12,433.85
High	R 21,396.68	R 22,616.29	R 23,882.80

## 3.9.2 Sanitation

Low	R 7,335.80	R 7,753.94	R 8,188.16
Medium	R 12,009.21	R 12,693.73	R 13,404.58
High	R 17,443.11	R 18,437.37	R 19,469.87

## 3.9.3 Electricity

LOS	R 5,433.91	R 5,743.64	R 6,065.29
Low	R 10,867.82	R 11,487.28	R 12,130.57
Medium	R 21,735.64	R 22,974.57	R 24,261.14
High	R 32,603.46	R 34,461.85	R 36,391.72

# APPENDIX C



# GA-SEGONYANA MUNICIPALITY

## POLICY: CREDIT CONTROL AND DEBT COLLECTION

### 1. PREAMBLE

1.1 In terms of Section 152 of the constitution of the Republic of South Africa, Act 108 of 1996 and Section 96 of the Municipal Systems Act no 32 of 2000 (herein after referred to as the "Systems Act") Chapter 7, Section 152 of the Constitution states the following:

- To provide democratic and accountable governance to local municipalities.
- To ensure the provision of services to communities in a sustainable manner.
- To promote a safe and healthy environment.
- To encourage the involvement of communities and community organisations in the matters of local government.

1.2 The municipality must strive within its financial and administrative capacity for the achievement of the above mentioned objectives hence Section 96(a) and (b) of the Systems Act must be observed.

1.2.1. Section 96 (b) of the Systems Act requires from Ga-Segonyana Local Municipality to adopt, maintain and implement a Credit Control and Debt Collection Policy which is consistent with its Rates and Tariff policies and complies with the provisions of the Act.

1.2.2. Section 96 (a) of the Systems Act prescribes for Ga-Segonyana to collect all monies that is due and payable to it, subject to the provisions of that Act and any other applicable legislation.

### 2. RESPONSIBLE AUTHORITY

2.1 The Council is responsible and should review the performance of the Municipality to endeavour to improve the efficiency of the credit control and debt collection services.

2.2 The delegated officials to assist the Council accomplish its responsibilities are the Municipal Manager, Financial Manager and officials appointed in the Debt Collection Section.

#### 2.3 Municipal Manager

It is the responsibility of the Municipal Manager to report bi-monthly to the full Council on the status of debtors and action taken against them. Further more, the Municipal Manager must ensure that obligations under its by-laws and decisions by the Council are enforced by the Municipality Administration.

#### 2.4 Ward Committees

The communication channel between Council and the public and Ward Committees should on a very regular basis be informed where the level of indebtedness exceeds the levels prescribed by the Council and who then also should make recommendations for improvement to Council. The Committee should comprise of the Ward Councillor and at least two members representing the community, which

should be identified as Ward Leaders.

2.5 Obligation to measure

The Council should ensure that every Municipal services provided to a consumer could either be metered or estimated or allocated at regular intervals, and establish a charge or tariff for those services. Estimates could be done up to a period of six months.

2.6 Agreement

Before supplying of a service, a consumer must enter into a contract of agreement, which should provide for the deposit to be paid as security. Notwithstanding the above. All debtors of any kind are obliged to honour their debts. The deposit is established in terms of the reviewed tariff structures for compiling the budget on a year to year basis.

In the case of a tenant a letter from the owner giving authority that the former can open an account must be provided.

**SERVICE PROVIDERS OF THE MUNICIPALITY SHOULD APPLY OUR CREDIT CONTROL AND DEBT COLLECTION POLICY.**

2.7 Control over deposits of security

Deposits for services and sundry (rental contracts) received must be reviewed annually and a register should be maintained. The total sum of deposits received shall constitute a short-term liability in the books of the Municipality. No interest shall accrue in favour of the depositors thereof. Upon termination of the debtor's agreement with the Municipality, the deposit shall/will first be offset against any outstanding balance (if any) to be refunded to the consumer, sundry debtor deposits inclusive.

2.8 Rendering of accounts

Although Municipalities must render an account for the amount due by a debtor, failure thereof shall not relieve a debtor of the obligation to pay the amount. Accounts must reveal the following:

- a) Details of the consumption for a certain period of each service either by measuring, estimating or allocation.
- b) The amount due in terms of consumption.
- c) The amount due for each remaining service.
- d) Other amounts due.
- e) The amount due for property tax.

2.9 Final date of payment



#### 2.9.1 Consumer Services Accounts

The invoice/account must state the final date of payment, which must not be later than the 15<sup>th</sup> of the following month after date of the invoice.

#### 2.9.2 Assessment Rates Accounts

The invoice/account must state the final date of payment which must not be later than 30 September each year for property owners paying assessment rates levied as an annual single amount and for property owners paying assessment rates levied in 11 equal monthly instalments not later than the 15<sup>th</sup> of the following month after date of the invoice to be paid in full on the 15<sup>th</sup> May of each year.

### 3. **PURPOSE OF CREDIT CONTROL POLICY**

- 3.1 To ensure that all money due and payable to Ga-segonyana Local Municipality in respect of rates, fees for services, surcharges on such fees, tariffs, charges, interest accrued on any amounts due and payable in respect of foregoing and any collection charges are collected efficiently and promptly.
- 3.2 Provide for the setting of realistic targets consistent with generally recognised practices and collection ratios and also the estimates of income set in the annual budget of Ga-Segonyana less an acceptable provision for Bad Debts.
- 3.3 Provide for the termination of services or for restrictions on the provision of services when payments are overdue.
- 3.4 Provide for matters relating to the unauthorised consumption of services, theft and damages.
- 3.5 Provide for credit control and debt collection procedures and mechanisms.
- 3.6 Provide for any collection charges on the payment of overdue accounts.
- 3.7 Provide for the extension of time for payment on overdue amounts.
- 3.8 Provide for interest on overdue accounts.

### 4. Credit control Procedures

- 4.1 The purpose is to ensure that credit control forms an integral part of the financial system of the Municipality, and ensure that the same procedure be followed for each individual case.

#### Arrears

An amount due after the final due date for payment, shall be an amount in arrears, the account following the month when the arrears occurred, should reflect the amount in arrears.

#### 4.2 Action after failure to pay

- 4.2.1 If a debtor fails by the demand date –

- 4.2.1.1 to pay the arrears amount
- 4.2.1.2 to lodge an appeal (query the amount of the account)
- 4.2.1.3 to conclude an agreement with the Municipality for payment of the arrears in instalments.

4.2.2 the Municipality can without further notice –

- 4.2.2.1 immediately disconnect, discontinue or restrict the supply of electricity to the debtor for both services and property rates accounts.
- 4.2.2.2 institute legal action for the recovery of the arrears amount within a period not exceeding thirty days from the demand date.
- 4.2.2.3 The debtor will be liable for all costs incurred in respect of the legal action taken against him/her including the commission charged by the debt collector.

4.3 Right of access

Municipal officials have the right of access to any property occupied by a debtor for the purposes of reading or inspecting meters or connections or to disconnect, discontinue or restrict supply of any service.

4.4 Right of appeal

An appeal must be submitted in writing to the Municipal Manager prior to the final due date for payment of the contested amount, and must contain details of the specific item(s) on the account which are the subject of appeal, with full reasons.

4.5 Payment during appeal

Once an appeal is lodged, the debtor's obligation to pay that portion of the total amount due represented by the items appealed against is suspended until the appeal has been finalised. The debtor must however immediately pay the balance of the account together with an amount representing the average cost of the item appealed against over the preceding three months, or an amount determined by the Municipal Manager. In the meantime, the debtor will remain due and liable for all other amount falling due during the adjudication of the appeal.

4.6 Adjudication of appeal

- 4.6.1 If the appeal is in respect of a metered consumption, the metered instrument must be tested, within 14 days of lodgement of appeal to establish the accuracy thereof.
- 4.6.2 The debtor should be informed in writing of the results of the test of the instrument, and of any adjustment to the amount due by him, together with the costs of the test for which the debtor will be liable if no error could be found with the instrument. If a faulty meter or instrument is revealed, the Municipality will bear the costs thereof.

5. **EXTENSION FOR PAYMENT**

## 5.1 Policy

### 5.1.1 Assessment Rates

The Financial Manager may/can arrange that the property owner pay the outstanding amount in eleven equal consecutive monthly instalments payable in full by 30 June each year or yearly in one instalment payable by 30 September of the year wherein the new assessment rates became taxable and payable. Interest should be charged from the 1<sup>st</sup> of October (applying to yearly instalments).

### 5.1.2 Consumer services and other debtors

The Financial Manager may/can arrange that the debtor pay the outstanding amount in equal monthly instalments over a period not exceeding 24 months.

### 5.1.3 Interest must be charged on the arrears debt mentioned in 5.1.1 and 5.1.2 at a rate of 1% above prime rate per year.

### 5.1.4 Other measures for extended repayment periods can also be dealt with by the Financial Manager as set out in 3.5 below.

## 5.2 Continuous default

If a debtor fails to comply with the terms of any agreement providing for an extension of time for payment, then the total of all amount due including interest and costs, shall immediately become payable without further notice to the debtor.

## 5.3 Extended repayment periods – Consumer accounts

### 5.3.1 If the overdue balance is outstanding for less than 6 months, a minimum down payment of 25% is required and the balance to be paid over a period not exceeding 6 months.

### 5.3.2 If the overdue amount is outstanding for longer than 7 months, a minimum of 50% down payment must be made and repayment period not to exceed 12 months.

### 5.3.3 The debtor should request such arrangement and shall agree to the conditions attached thereto.

### 5.3.4 If the conditions as agreed are not adhered to, normal credit control procedures will be implemented.

### 5.3.5 When a debtor applies for further extension/arrangement, services will be discontinued until final payment is received.

5.3.6 The accounting officer may authorise deviation from extended repayment periods under exceptional cases provided that supporting documentation is attached.

5.3.7 All future current accounts must be paid on due date.

## 6. COMMENCEMENT AND RESUMPTION OF SERVICES

### 6.1 New service connections

Application for new connections can only be made by property owners or with their written consent, accompanied by positive identification.

In cases where there is an existing connection the account holder of services must first terminate his/her service to allow for the new service connection. No electricity will be connected if there are outstanding debts regarding services on the specific stand that the previous tenant was residing. The landlord/owner shall be held responsible for all outstanding services accounts.

In the case of deceased parents that left outstanding amount, the account will be changed to the children's names if there are indigent so that they qualify for indigent services. If after thorough investigations it is concluded that the parents did not leave any money or assets in order to recover the outstanding amount the debt will be submitted to council for write off.

Connections and supply of a new service may only be made after all charges in respect of deposits and connection fees have been paid.

No services will be rendered to the new occupant if the outstanding debt of the old occupant is not paid in full. (MOVED FROM Unauthorised consumption, theft...heading TO HERE)

### 6.2 Resumption of discontinued services

6.2.1 If the debtor has –

6.2.1.1 paid the full amount outstanding

6.2.1.2 made an agreement with the Municipality for the payment of the amount in arrears the services will be resumed after 14h00 pm.

### 6.3 Unauthorised consumption, theft, damages and penalties

When established that a water or electricity meter has been tampered with by a transgressor (a consumer), the following actions are applicable:

6.3.1 A penalty fee payment of R10 000 for households, R50 000 for businesses and R80 000 for industrial site.

6.3.2 The replacement of a conventional meter with a pre-paid meter, the cost of the connection for the account of the transgressor/consumer.

6.3.3 The payment of an additional levy in respect of calculated average consumption since the date of deviation in consumption occurred on the

account of the property involved.

## **7. PROCEDURE OF FINAL RESORT**

The following will facilitate this concept:

### **7.1 Consumer Services**

- 7.1.1 A Pre-Cut-off List must be compiled within 5 working days after due date of payment (15<sup>th</sup> of each month).
- 7.1.2 A Cut-Off List must be compiled within 14 working days after Pre-Cut-Off List's due date.
- 7.1.3 Services will be disconnected without any further notice.
- 7.1.4 Services may not be resumed before arrangements have been made for payment of an additional deposit, interest on arrears, arrears outstanding and reconnection fee as stipulated in the written notice.
- 7.1.5 A report must be submitted by the person involved with the discontinuation of services in respect of unoccupied premises to try and locate such owners/users before the case is referred to the attorneys.
- 7.1.6 The deposit on services of an unoccupied dwelling must be brought into account before any arrears amount are handed over to the Debt Collection Section for collection with the provision that the debtor/person stay at a known address.
- 7.1.7 In the event of cheques being returned by the Council's Bankers, the procedures are:
- 7.1.8 The person concerned will be informed by telephone/in writing of the in default of payment.
  - 7.1.8.1 The services must immediately be discontinued if the person involved does not, within 24 hours, effect cash payment or provide a bank guaranteed cheque for the amount involved.
  - 7.1.8.2 The person involved must be blacklisted for a period of 6 months and no cheques must be accepted from him/her.
- 7.1.9 If a conventional water and/or electricity consumer fails to pay their account on the prescribed due date, the conventional meter(s) will be replaced with a pre-paid meter at the cost of the consumer concerned. The criteria are the following:
  - 7.1.10.1 The name of the consumer of water and/or electricity appeared twice on a cut-off list.
  - 7.1.10.2 The consumer of water and/or electricity being thrice in default of

payment.

7.1.10.3 The consumer of water and/or electricity failed to comply with arrangements made to pay arrears amounts for whatever reason.

7.1.10.4 The consumer of water and/or electricity used self righteousness to re-install water and/or electricity supplies to his premises after the supply has been disconnected by the Municipality for whatever reason.

Where consumer services have been disconnected for whatever reason in terms of the Council's policy, the Municipality is obliged to install a drip valve at the consumer concerned until all outstanding debt is paid in full.

## 7.2 Write-off of Irrecoverable Debts: Conditions

7.2.1 Where the debtor is untraceable.

7.2.2 Insolvency of debtor.

7.2.3 Where a contribution obligation may exist on sequestration of a business or individual.

7.2.4 The debtor has no movable or immovable property at his disposal.

7.2.5 The cost of collection exceeds the debt.

## 7.3 Bad Debt Recovered

7.3.1 The municipality can still recover written off debt when the person is traceable.

## 7.4 Deceased Estates

7.4.1 When an account holder is deceased, the municipality shall submit a claim on outstanding amount. Write off debt as at date of death.

## 7.5 Clearance Certificates

7.5.1 Before any property can be transferred from one owner to another, all arrears are payable before the Chief Financial Officer issues a certificate to that effect. No transfer can take place without such a certificate.

# 8 **DEBT COLLECTION**

## 8.1 Procedures for the collection of outstanding debt on all debtors

8.1.1 Dispatch of accounts and payment thereof by the debtor within the prescribed time indicated on the account.

8.1.2 In the event of no payment /default payment of the account summons must be issued by the Debt Collection Section to those concerned.

## 8.2 Credit control and debt collection of employee accounts.

Section 10 of the Systems Act reads as follows:

"A staff member of a municipality may not be in arrears to the municipality for rates



and service charges for a period longer than 3 months, and a municipality may deduct any outstanding amounts from the staff member's salary after this period"

Employees of the Municipality shall be subject to disciplinary hearings, as per the Municipal Systems Act (no 32 of 2 000), Schedule 2 S10, if they are found to be in arrears.

Payment of arrear amounts by staff may be extended to a maximum of 24 months (not for everyone) in exceptional circumstances in order to deal with previous arrears and within the prescripts of the Basic Conditions of Employment Act. Thereafter no further arrears may be accumulated.

In order to ensure timeous, assured payment of employee accounts, all employees residing within Ga-Segonyana Local Municipality shall be subjected to an automatic deduction instituted against their salaries.

### 8.3 Credit Control and debt collection of councillor accounts.

The Local Government Laws Amendment Act (no 51 of 2002) states that:

"Municipal Councillors may not be in arrears to the municipality for rates and services for a period longer than 3 months"

Section 124(b) of the Municipal Finance Management Act (No 56 of 2003) reads as follows:

"The notes to the financial statements of a municipality must include particulars of any arrears owed by individual councillors to the municipality for rates or services and which at any time during the relevant financial year were outstanding for more than 90 days, including the names of those councillor..."

In order to ensure timeous, assured payment of councillor accounts, all councillors shall be subject to an automatic deduction instituted against their councillor allowance payments on a monthly basis.

### 8.4 Shortages by cashiers

Any shortages by cashiers must be paid the following day and if not the municipality will recover from their salaries. The municipality reserves the right to do investigations and take disciplinary action.

### 8.5 Building Plans deposit

8.4.1 Any outstanding arrears of the owner for services, sundry and rates accounts will be deducted first before the building plan deposit is released.

### 8.6 Impairment of Trade Receivables

8.5.1 The impairment for trade receivables and loans and receivables is calculated based on the grading of individual debtors according to their payment history. An accumulation of arrear balances is an indicator of debtor delinquency. Such debtors are provided for as they are considered to be impaired due to uncertainty surrounding the recoverability of the outstanding amounts.

#### 8.5.2 Debtors are graded on the following basis:

8.5.2.1 Grade A: No provision. Customer account payments are up to date. There is no balance in arrears.

- 8.5.2.2 Grade B: 100% of balance outstanding in excess of 90 days: Customers with a payment history but with balances outstanding in excess of 90 days. The balance outstanding in excess of 90 days is provided for in full.
- 8.5.2.3 Grade C: 100% of total balance outstanding on account: Customers with no payment history. Accounts are considered to be delinquent. The balance is provided for in full (100% of the amount outstanding).
- 8.5.2.4 Government debtors are excluded from the provision calculation as they generally have a history of meeting their obligations.

/policy/nt

# APPENDIX D



# **GA-SEGONYANA LOCAL MUNICIPALITY**



## **PROPERTY RATES POLICY**





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## GA-SEGONYANA LOCAL MUNICIPALITY

### PROPERTY RATES POLICY

#### **1. LEGISLATIVE CONTEXT**

- 1.1 This policy is mandated by Section 3 of the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004), which specifically provides that a municipality must adopt a Rates Policy.
- 1.2 In terms of Section 229 of the Constitution of the Republic of South Africa, 1996 (No.108 of 1996), a municipality may impose rates on property.
- 1.3 In terms of the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004) a local municipality in accordance with-
- a. Section 2(1), may levy a rate on property in its area; and
  - b. Section 2(3), must exercise its power to levy a rate on property subject to-
    - i. Section 229 and any other applicable provisions of the Constitution;
    - ii. the provisions of the Property Rates Act and the regulations promulgated in terms thereof; and
    - iii. the rates policy.
- 1.4 In terms of Section 4 (1) (c) of the Local Government: Municipal Systems Act, 2000 (No. 32 of 2000), the Council of a municipality has the right to finance the affairs of the municipality by imposing, *inter alia*, rates on property.
- 1.5 In terms of Section 62(1)(f)(ii) of the Local Government: Municipal Finance Management Act, 2003 (No. 56 of 2003) the municipal manager must ensure that the municipality has and implements a rates policy.
- 1.6 This policy must be read together with, and is subject to the stipulations of the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004) and any regulations promulgated in terms thereof.

#### **2. DEFINITIONS**

- 2.1 "Act" means the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004);
- 2.2 "Agent", in relation to the owner of a property, means a person appointed by the owner of the property-
- (a) to receive rental or other payments in respect of the property on behalf of the owner; or
  - (b) to make payments in respect of the property on behalf of the owner;
- 2.3 "Agricultural purpose" in relation to the use of a property, includes the use of a property for the purpose of eco-tourism or for the trading in or hunting of game;

- 2.4 **"Annually"** means once every financial year;
- 2.5 **"Category"**
- (a) in relation to property, means a category of properties determined in terms of Section 7 of this policy; and
  - (b) in relation to owners of properties, means a category of owners determined in terms of Section 8 of this policy.
- 2.6 **"Child-headed household"** means a household where the main caregiver of the said household is younger than 18 years of age. Child-headed household means a household headed by a child as defined in terms of section 28(3) of the Constitution.
- 2.7 **"Definitions, words and expressions"** as used in the Act are applicable to this policy document where ever it is used;
- 2.8 **"Land reform beneficiary"**, in relation to a property, means a person who -
- (a) acquired the property through -
    - (i) the Provision of Land and Assistance Act, 1993 (Act No. 126 of 1993); or
    - (ii) the Restitution of Land Rights Act, 1994 (Act No. 22 of 1994);
  - (b) holds the property subject to the Communal Property Associations Act, 1996 (Act No 28 of 1996);
  - (c) holds or acquires the property in terms of such other land tenure reform legislation as may pursuant to section 25(6) and (7) of the Constitution (Act No.108 of 1996) be enacted after this Act has taken effect;
- 2.9 **"Land tenure right"** means an old order right or a new order right as defined in section 1 of the Communal Land Rights Act, 2004 (Act No.11 of 2004);
- 2.10 **"Municipality"** means the Local Municipality of Ga-Segonyana;
- 2.11 **"Newly Rateable property"** means any rateable property on which property rates were not levied before the end of the financial year preceding the date on which this Act took effect, excluding –
- (a) a property which was incorrectly omitted from a valuation roll and for that reason was not rated before that date; and
  - (b) a property identified by the Minister by notice in the Gazette where the phasing-in of a rate is not justified;
- 2.12 **"Owner"**-
- (a) in relation to a property referred to in paragraph (a) of the definition of "property", means a person in whose name ownership of the property is registered;

- (b) in relation to a right referred to in paragraph (b) of the definition of "property", means a person in whose name the right is registered;
- (c) in relation to a land tenure right referred to in paragraph (c) of the definition of "property", means a person in whose name the right is registered or to whom it was granted in terms of legislation; or
- (d) in relation to public service infrastructure referred to in paragraph (d) of the definition of "property", means the organ of state which owns or controls that public service infrastructure as envisaged in the definition of "publicly controlled",

provided that a person mentioned below may for the purposes of this Act be regarded by a municipality as the owner of a property in the following cases:-

- (i) a trustee, in the case of a property in a trust excluding state trust land;
- (ii) an executor or administrator, in the case of a property in a deceased estate;
- (iii) a trustee or liquidator, in the case of a property in an insolvent estate or in
- (iv) a judicial manager, in the case of a property in the estate of a person under
- (v) a curator, in the case of a property in the estate of a person under curatorship;
- (vi) a person in whose name a usufruct or other personal servitude is registered, in the case of a property that is subject to a usufruct or other personal servitude;
- (vii) a lessee, in the case of a property that is registered in the name of a municipality and is leased by it; or
- (viii) a buyer, in the case of a property that was sold by a municipality and of which possession was given to the buyer pending registration of ownership in the name of the buyer;

2.13 **"Privately owned towns serviced by the owner"** means single properties, situated in an area not ordinarily being serviced by the municipality, divided through sub division or township establishment into (ten or more) full title stands and/ or sectional units and where all rates related services inclusive of installation and maintenance of streets, roads, sidewalks, lighting, storm water drainage facilities, parks and recreational facilities are installed at the full cost of the developer and maintained and rendered by the residents of such estate.

2.14 **"Property"** means -

- (a) immovable property registered in the name of a person, including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person;
- (b) a right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property;
- (c) a land tenure right registered in the name of a person or granted to a person in terms of legislation; or
- (d) public service infrastructure.

2.15 **"Public service infrastructure"** means publicly controlled infrastructure of the following kinds:

- (a) national, provincial or other public roads on which goods, services or labour move across a municipal boundary;

- (b) water or sewer pipes, ducts or other conduits, dams, water supply reservoirs, water treatment plants or water pumps forming part of a water or sewer scheme serving the public;
- (c) power stations, power substations or power lines forming part of an electricity scheme serving the public;
- (d) gas or liquid fuel plants or refineries or pipelines for gas or liquid fuels, forming part of a scheme for transporting such fuels;
- (e) railway lines forming part of a national railway system;
- (f) communication towers, masts, exchanges or lines forming part of a communications system serving the public;
- (g) runways or aprons at national or provincial airports;
- (h) breakwaters, sea walls, channels, basins, quay walls, jetties, roads, railway or infrastructure used for the provision of water, lights, power, sewerage or similar services of ports, or navigational aids comprising lighthouses, radio navigational aids, buoys, beacons or any other device or system used to assist the safe and efficient navigation of vessels;
- (i) any other publicly controlled infrastructure as may be prescribed; or
- (j) rights of way, easements or servitudes in connection with infrastructure mentioned in paragraphs (a) to (i).

2.16 **“Residential property”** means improved property that:-

- (a) is used predominantly (60% or more) for residential purposes including any adjoining property registered in the name of the same owner and used together with such residential property as if it were one property. Any such grouping shall be regarded as one residential property for rate rebate or valuation reduction purposes.
- (b) Is a unit registered in terms of the Sectional Title Act and used predominantly for residential purposes.
- (c) Is owned by a share-block company and used solely for residential purposes.
- (d) Is a residence used for residential purposes situated on property used for or related to educational purposes.
- (e) Retirement schemes and life right schemes used predominantly (60% or more) for residential purposes.

And specifically exclude hostels, flats, old age homes, guest houses and vacant land irrespective of its zoning or intended use.

2.17 **“Rural communal settlements”** means the residual portion of rural communal land excluding identifiable and rateable entities within the property and excluding State Trust Land and land reform beneficiaries as defined in the Act.

2.18 **“state trust land”** means land owned by the state-

- (a) in trust for persons communally inhabiting the land in terms of a traditional system of land tenure;
- (b) over which land tenure rights were registered or granted; or
- (c) which is earmarked for disposal in terms of the Restitution of Land Rights Act, 1994 (Act No. 22 of 1994).

### 3. POLICY PRINCIPLES

- 3.1 Rates are levied in accordance with the Act as an amount in the rand based on the market value of all rateable property contained in the municipality's valuation roll and supplementary valuation roll.
- 3.2 As allowed for in the Act, the municipality has chosen to differentiate between various categories of property and categories of owners of property as contemplated in clause 7 and 8 of this policy. Some categories of property and categories of owners are granted relief from rates. The municipality however does not grant relief in respect of payments for rates to any category of owners or properties, or to owners of properties on an individual basis.
- 3.3 There would be no phasing in of rates based on the new valuation roll, except as prescribed by legislation and in accordance with clause 16 of this policy.
- 3.4 In accordance with section 3(3) of the Act, the rates policy for the municipality is based on the following principles:
- (a) Equity  
The municipality will treat all ratepayers with similar properties the same.
  - (b) Affordability  
The ability of a person to pay rates will be taken into account by the municipality. In dealing with the poor/indigent ratepayers the municipality will provide relief measures through exemptions, reductions, rebates and cross subsidy from the equitable share allocation.
  - (c) Sustainability  
Rating of property will be implemented in a way that:
    - i. it supports sustainable local government by providing a stable and buoyant revenue source within the discretionary control of the municipality;
    - ii. Supports local, social and economic development; and
    - iii. Secures the economic sustainability of every category of ratepayer.
  - (d) Cost efficiency  
Rates will be based on the value of all rateable property and will be used to fund community and subsidised services after taking into account profits generated on trading (water, electricity) and economic (refuse removal, sewerage disposal) services and the amounts required to finance exemptions, rebates, reductions and phasing-in of rates as approved by the municipality from time to time.



#### **4. SCOPE OF THE POLICY**

- 4.1 This policy document guides the annual setting (or revision) of property rates tariffs. It does not necessarily make specific property rates tariff proposals. Details pertaining to the applications of the various property rates tariffs are annually published in the Provincial Gazette and the municipality's schedule of tariffs, which must be read in conjunction with this policy.

#### **5. APPLICATION OF THE POLICY**

- 5.1 In imposing the rate in the rand for each annual operating budget component, the municipality shall grant exemptions, rebates and reductions to the categories of properties and categories of owners as allowed for in this policy document.

#### **6. PRINCIPLES APPLICABLE TO FINANCING OF SERVICES**

- 6.1 The municipal manager or his/her nominee must, subject to the guidelines provided by the National Treasury and the Executive Committee of the municipality, make provision for the following classification of services:-

(a) Trading services

- i. Water
- ii. Electricity

(b) Economic services

- i. Refuse removal.
- ii. Sewerage disposal.

(c) Community and subsidised services

These include all those services ordinarily being rendered by the municipality excluding those mentioned in 6.1 (a) and (b).

- 6.2 Trading and economic services as referred to in clauses (a) and (b) must be ring fenced and financed from service charges while community and subsidised services referred to in clause (c) will be financed from surpluses on trading and economic services, regulatory fees, rates and rates related income.

#### **7. CATEGORIES OF PROPERTY**

- 7.1 Different rates may be levied in respect of the following categories of rateable properties and such rates will be determined on an annual basis during the compilation of the annual budget:-

7.1.1 Residential properties;

7.1.2 Industrial properties;

7.1.3 Business properties;

- 7.1.4 Agricultural properties;
- 7.1.5 Small Holdings;
- 7.1.6 State owned properties;
- 7.1.7 Municipal properties;
- 7.1.8 Public service infrastructure referred to in the Act;
- 7.1.9 Educational;
- 7.1.10 Privately Owned Towns;
- 7.1.11 Vacant Stands.

- 7.2 In determining the category of a property referred to in 7.1 the municipality shall take into consideration the dominant use of the property, regardless the formal zoning of the property.
- 7.3 Properties used for multiple purposes shall be categorised and rated as provided for in section 9 of the Act and as more fully described in clause 9 of this policy.

## **8. CATEGORIES OF OWNERS**

- 8.1 For the purpose of granting exemptions, reductions and rebates in terms of clause 11, 12 and 13 respectively the following categories of owners of properties are determined:-
- (a) Those owners who qualify and who are registered as indigents in terms of the adopted indigent policy of the municipality;
  - (b) Those owners who do not qualify as indigents in terms of the adopted indigent policy of the municipality but whose total monthly income is less than the amount annually determined by the municipality in its budget;
  - (c) Owners of property situated within an area affected by-
    - i. a disaster within the meaning of the Disaster Management Act, 2002 (Act No. 57 of 2002); or
    - ii. serious adverse social or economic conditions.
  - (d) Owners of residential properties with a market value below the amount as determined annually by the municipality in its budget;
  - (e) Owners of properties situated in "privately owned towns" as referred to in clause 13.1 (b);
  - (f) Owners of agricultural properties as referred to in clause 13.1 (c); and
  - (g) Child headed families where any child of the owner or child who is a blood relative of the owner of the property, is responsible for the care of siblings or parents of the household.

## **9. PROPERTIES USED FOR MULTIPLE PURPOSES**

- 9.1 Rates on properties used for multiple purposes will be levied in accordance with the "dominant use of the property".

## 10. DIFFERENTIAL RATING

10.1 Criteria for differential rating on different categories of properties will be according to:-

- (a) The nature of the property including its sensitivity to rating e.g. agricultural properties used for agricultural purposes.
- (b) The promotion of local, social and economic development of the municipality.

10.2 Differential rating among the various property categories will be done by way of:-

- (a) setting different cent amount in the rand for each property category; and
- (b) by way of reductions and rebates as provided for in this policy document.

## 11. EXEMPTIONS AND IMPERMISSIBLE RATES

11.1 The following categories of property are exempted from rates:-

(a) Municipal properties

Municipal properties are exempted from paying rates as it will increase the rates burden or service charges to property owners or consumers. However, where municipal properties are leased, the lessee will be responsible for the payment of determined assessment rates in accordance with the lease agreement.

(b) Residential properties

All residential properties with a market value of less than the amount as annually determined by the municipality are exempted from paying rates. **For the 2016/17 financial year the maximum reduction is determined as R25 000.** The impermissible rates of R15 000 contemplated in terms of section 17(1) (h) of the Property Rates Act is included in the amount referred to above as annually determined by the municipality. The remaining R10 000 is an important part of the council's indigent policy and is aimed primarily at alleviating poverty.

(c) Public Service Infrastructure

Is exempted from paying rates as allowed for in the Act as they provide essential services to the community.

(d) Right registered against a property

Any right registered against a property as defined in clause 2.14(b) of this policy is exempted from paying rates.

11.2 Exemptions in clause 11.1 will automatically apply and no application is thus required.

11.3 Impermissible Rates: In terms of section 17(1) of the Property Rates Act the municipality may, inter alia, not levy a rate:-

- (a) On those parts of a special nature reserve, national park or nature reserve within the meaning of the National Environmental Management: Protected Areas Act, 2003 (Act No.

57 of 2003) or of a national botanical garden within the meaning of the National Environmental Management: Biodiversity Act, 2004, which are not developed or used for commercial, business, or residential agricultural purposes.

- (b) On mineral rights within the meaning of paragraph (b) of the definition of "property" in section 1 of the Act.
- (c) On a property belonging to a land reform beneficiary or his or her heirs, provided that this exclusion lapses ten years from the date on which such beneficiary's title was registered in the office of the Registrar of Deeds.
- (d) On a property registered in the name of and used primarily as a place of public worship by a religious community, including an official residence registered in the name of that community which is occupied by an office-bearer of that community who officiates at services at that place of worship.

#### 11.4 Public Benefit Organisations (PBO's)

Taking into account the effects of rates on PBOs performing a specific public benefit activity and if registered in terms of the Income Tax Act, 1962 (No 58 of 1962) for tax reduction because of those activities, Public Benefit Organizations may apply for the exemption of property rates. Public Benefit Organizations may include, inter alia:-

- (a) *Welfare and humanitarian*  
For example PBOs providing disaster relief.
- (b) *Health Care*  
For example PBO's providing counselling and treatment of persons afflicted with HIV and AIDS including the care of their families and dependents in this regard.
- (c) *Education and development*  
For example PBO's providing early childhood development services for pre-school children.
- (d) *Sporting bodies*  
Property used by an organization for sporting purposes on a non-professional basis:
- (e) *Cultural institutions*  
Property used for purposes declared in terms of the Cultural Institutions Act, Act 29 of 1969 or the Cultural Institutions Act, Act 66 of 1989.
- (f) *Museums, libraries, art galleries and botanical gardens*  
Property registered in the name of private persons, open to the public and not operated for gain.
- (g) *Animal welfare*  
Property owned or used by organizations whose exclusive aim is to protect birds, reptiles and animals on a not-for-gain basis.
- (h) *Cemeteries and crematoriums*  
Property used for cemeteries and crematoriums.
- (i) *Welfare institutions*  
Properties used exclusively as an orphanage, non-profit retirement villages, old age homes or benevolent/charitable institutions, including workshops used by the inmates,

laundry or cafeteria facilities; provided that any profits from the use of the property are used entirely for the benefit of the institution and/or to charitable purposes within the municipality.

(j) *Charitable institutions*

Property owned or used by institutions or organizations whose aim is to perform charitable work on a not-for-gain basis.

- 11.5 All possible benefiting organisations in clause 11.4 must apply annually for exemptions. All applications must be addressed in writing to the municipality by 30 June for the next financial year in respect of which the rate is levied. If the exemption applied for is granted the exemption will apply for the full financial year.
- 11.6 Public benefit organisations must attach a SARS tax exemption certificate issued by the South African Revenue Services (SARS) as contemplated in Part 1 of the Ninth Schedule of the Income Tax Act, 1962 (No 58 of 1962) to all applications.
- 11.7 The municipality retains the right to refuse the exemption if the details supplied in the application form were incomplete, incorrect or false.
- 11.8 The extent of the exemptions implemented in terms of clauses 11.1 to 11.4 must annually be determined by the municipality and included in the annual budget.

## **12. REDUCTIONS**

- 12.1 Reductions as contemplated in section 15 of the Act will be considered on an *ad-hoc* basis in the event of the following:-
- 12.1.1 Partial or total destruction of a property.
- 12.1.2 Disasters as defined in the Disaster Management Act, 2002 (Act 57 of 2002).
- 12.2 The following conditions shall be applicable in respect of clause 12.1:-
- 12.2.1 The owner referred to in clause 12.1.1 shall apply in writing for a reduction and the onus will rest on such applicant to prove to the satisfaction of the municipality that his property has been totally or partially destroyed. He/ she will also have to indicate to what extent the property can still be used and the impact on the value of the property.
- 12.2.2 Property owners will only qualify for a rebate if affected by a disaster as referred to in the Disaster Management Act, 2002 (Act No. 57 of 2002).
- 12.2.3 A maximum reduction to be determined on an annual basis shall be allowed in respect of both clauses 12.1.1 and 12.1.2. For the 2014/2015 financial year the maximum reduction is determined as 80%.



12.2.4 An ad-hoc reduction will not be given for a period in excess of 6 months, unless the municipality gives further extension on application.

12.2.5 If rates were paid in advance prior to granting of a reduction the municipality will give credit to such an owner as from the date of reduction until the date of lapse of the reduction or the end of the period for which payment was made whichever occurs first.

### **13. REBATES**

#### **13.1. Categories of property**

##### **(a) Business, commercial and industrial properties**

- i. The municipality may grant rebates to rateable enterprises that promote local, social and economic development in its area of jurisdiction. The following criteria will apply:-
  - a. job creation in the municipal area;
  - b. social upliftment of the local community; and
  - c. creation of infrastructure for the benefit of the community.
- ii. A maximum rebate as annually determined by the municipality will be granted on approval, subject to:-
  - a. a business plan issued by the directors of the company indicating how the local, social and economic development objectives of the municipality are going to be met;
  - b. a continuation plan issued by the directors and certified by auditors of the company stating that the objectives have been met in the first year after establishment and how the company plan to continue to meet the objectives; and
  - c. an assessment by the municipal manager or his/her nominee indicating that the company qualifies.
- iii. All applications must be addressed in writing to the municipality by 30 June for the financial year in respect of which the rate is levied. If the rebate applied for is granted the rebate will apply for the full financial year.

##### **(b) Privately owned towns serviced by the owner**

The municipality grants an additional rebate, to be determined on an annual basis, which applies to privately owned towns serviced by the owner qualifying as defined in clause 2.13 of this policy. All applications must be addressed in writing to the municipality by 30 June for the next financial year in respect of which the rate is levied. If the rebate applied for is granted the rebate will apply for the full financial year. For the 2014/15 financial year the rebate is determined as 20%.

##### **(c) Agricultural property rebate**

- i. When considering the criteria to be applied in respect of any exemptions, rebates and reductions on any properties used for agricultural purposes the municipality must take into account:-
  - a. the extent of rates related services rendered by the municipality in respect of such properties.



- b. the contribution of agriculture to the local economy.
  - c. the extent to which agriculture assists in meeting the service delivery and developmental objectives of the municipality; and
  - d. the contribution of agriculture to the social and economic welfare of farm workers.
- ii. In terms of section 84 of the Act the Minister for Provincial and Local Government, and in concurrence with the Minister of Finance as required through section 19 of the Act, may determine that a rate levied by the Council on a category of non residential property may not exceed the ratio to the rate on residential property. In the absence of any such promulgation the municipality will apply the standard ratio for agricultural properties as 1:0.25 (75% rebate on the tariff for residential properties). For the 2014/15 financial year the minister has promulgated a ratio of 1:0.25.
- iii. No other rebates will be granted to properties that qualify for the agricultural rebate. For the avoidance of doubt, properties that qualify for the agricultural rebate will not be entitled to the residential rate exemption as set out in clause 11.1(b) of this policy.

### **13.2 Categories of owners**

Indigent owners and child headed families will receive a 100% rebate from payment of property tax:-

#### **(a) Indigent owners**

Owners who qualify and who are registered as indigents in terms of the adopted indigent policy of the municipality, regardless of the value of the property, will receive a 100% rebate from payment of property tax. If qualifying in terms of the indigent policy this 100% rebate will automatically apply and no further application is thus required by the owner.

#### **(b) Child headed families**

- i. Families headed by children will receive a 100% rebate for paying property tax, according to monthly household income. To qualify for this rebate the head of the family must:-
  - a. occupy the property as his/her normal residence;
  - b. not be older than 18 years of age;
  - c. still be a scholar or jobless; and
  - d. be in receipt of a total monthly income from all sources not exceeding an amount to be determined annually by the Municipality. For the 2012/13 financial year this amount is determined as R3 240 per month.
- ii. The family head must apply on a prescribed application form for registration as a child headed household and must be assisted by the municipality with completion of the application form. If qualifying, this rebate will automatically apply and no further application is thus required.

#### **(c) Retired and Disabled Persons Rate Rebate**

- i. Retired and Disabled Persons, not registered as indigents, qualify for special rebates according to monthly household income. To qualify for the rebate a property owner must:-

- a. occupy the property as his/her normal residence;
    - b. be at least 60 years of age or in receipt of a disability pension from the Department of Welfare and Population Development;
    - c. be in receipt of a total monthly income from all sources as annually determined by the municipality (including income of spouses of owner);
    - d. not be the owner of more than one property; and
    - e. provided that where the owner is unable to occupy the property due to no fault of his/her own, the spouse or minor children may satisfy the occupancy requirement.
  - ii. Property owners must apply on a prescribed application form for a rebate as determined by the municipality. Applications must be accompanied by-
    - a. a certified copy of the identity document or any other proof of the owners age which is acceptable to the municipality;
    - b. sufficient proof of income of the owner and his/her spouse;
    - c. an affidavit from the owner;
    - d. if the owner is a disabled person proof of a disability pension payable by the state must be supplied; and
    - e. if the owner has retired at an earlier stage for medical reasons proof thereof must be submitted.
  - iii. All applications must be addressed in writing to the municipality by 30 June for the next financial year in respect of which the rate is levied. If the rebate applied for is granted the rebate will apply for the full financial year. For the 2014/15 financial year the total yearly income and corresponding rebate is determined as follows:-
    - a. R0 to R50 000 per year - 40%.
    - b. R50 001 to R80 000 per year - 20%.
  - iv. The municipality retains the right to refuse the exemption if the details supplied in the application form were incomplete, incorrect or false.
- 13.3 The extent of the rebates granted in terms of clauses 13.1 and 13.2 must annually be determined by the municipality and included in the annual budget.

#### **14. PAYMENT OF RATES**

- 14.1 The rates levied on the properties shall be payable:-
- (a) on a monthly basis; or
  - (b) annually, before 30 September each year.
- 14.2 Ratepayers may choose paying rates annually in one instalment on or before 30 September each year or monthly consecutive payments to be settled by 30 June. If the owner of property that is subject to rates, notify the municipal manager or his/her nominee in writing not later than 30 June in any financial year, or such later date in such financial year as may be determined by the municipality that he/she wishes to pay all rates annually, such owner shall be entitled to pay all

rates in the subsequent financial year and each subsequent financial year annually until such notice is withdrawn by him/her in a similar manner.

- 14.3 The municipality shall determine the due dates for payments in monthly installments and the single annual payment and this date shall appear on the accounts forwarded to the owner/ tenant/ occupants/ agent.
- 14.4 Interest on arrears rates, whether payable on or before 30 September or in equal monthly instalments, shall be calculated in accordance with the provisions of the Credit Control and Debt Collection Policy of the Municipality.
- 14.5 If a property owner who is responsible for the payment of property rates in terms of this policy fails to pay such rates in the prescribed manner, it will be recovered from him/her in accordance with the provisions of the Credit Control and Debt Collection By-law of the Municipality.
- 14.6 Arrears rates shall be recovered from tenants, occupiers and agents of the owner, in terms of section 28 and 29 of the Act and the Municipality's credit control and debt collection by-law.
- 14.7 Where the rates levied on a particular property have been incorrectly determined, whether because of an error or omission on the part of the municipality or false information provided by the property owner concerned or a contravention of the permitted use to which the property concerned may be put, the rates payable shall be appropriately adjusted for the period extending from the date on which the error or omission is detected back to the date on which rates were first levied in terms of the current valuation roll.
- 14.8 In addition, where the error occurred because of false information provided by the property owner or as a result of a contravention of the permitted use of the property concerned, interest on the unpaid portion of the adjusted rates payable shall be levied at the maximum rate permitted by prevailing legislation.

## **15. ACCOUNTS TO BE FURNISHED**

- 15.1 The municipality will furnish each person liable for the payment of rates with a written account, which will specify:-
  - (i) the amount due for rates payable,
  - (ii) the date on or before which the amount is payable,
  - (iii) how the amount was calculated,
  - (iv) the market value of the property, and
  - (v) rebates, exemptions, reductions or phasing-in, if applicable.
- 15.2 A person liable for payment of rates remains liable for such payment, whether or not such person has received a written account from the municipality. If the person concerned has not received a written account, he/she must make the necessary enquiries with the municipality.

- 15.3 In the case of joint ownership the municipality shall consistently, in order to minimise costs and unnecessary administration, recover rates from one of the joint owners only provided that it takes place with the consent of the owners concerned.

## **16. PHASING IN OF RATES**

- 16.1 The rates to be levied on newly rateable property shall be phased in as explicitly provided for in section 21 of the Act.

- 16.2 The phasing-in discount on the properties referred to in section 21 shall be as follows:-

- First year : 75% of the relevant rate;
- Second year : 50% of the relevant rate; and
- Third year : 25% of the relevant rate.

- 16.3 No rates shall be levied on newly rateable properties that are owned and used by organisations conducting activities that are beneficial to the public and that are registered in terms of the Income Tax Act for those activities, during the first year. The phasing-in discount on these properties shall be as indicated below:-

- First year : 100% of the relevant rate;
- Second year : 75% of the relevant rate;
- Third year : 50% of the relevant rate; and
- Fourth year : 25% of the relevant rate.

## **17. SPECIAL RATING AREAS**

- 17.1 The municipality will, whenever deemed necessary, by means of a formal Council resolution determine special rating areas in consultation with the relevant communities as provided for in section 22 of the Act.

- 17.2 The following matters shall be attended to in consultation with the committee referred to in clause 17.3 whenever special rating is being considered:-

17.2.1 Proposed boundaries of the special rating area;

17.2.2 Statistical data of the area concerned giving a comprehensive picture of the number of erven with its zoning, services being rendered and detail of services such as capacity, number of vacant erven and services that are not rendered;

17.2.3 Proposed improvements clearly indicating the estimated costs of each individual improvement;

17.2.4 Proposed financing of the improvements or projects;

17.2.5 Priority of projects if more than one;



- 17.2.6 Social economic factors of the relevant community;
- 17.2.7 Different categories of property;
- 17.2.8 The amount of the proposed special rating;
- 17.2.9 Details regarding the implementation of the special rating;
- 17.2.10 The additional income that will be generated by means of this special rating.
- 17.3 A committee consisting of 6 members of the community residing within the area affected will be established to advise and consult the municipality in regard to the proposed special rating referred to above. This committee will be elected by the inhabitants of the area concerned who are 18 years of age or older. No person under the age of 18 may be elected to serve on the committee. The election of the committee will happen under the guidance of the Municipal Manager. The committee will serve in an advisory capacity only and will have no decisive powers.
- 17.4 The required consent of the relevant community shall be obtained in writing or by means of a formal voting process under the chairmanship of the Municipal Manager. A majority shall be regarded as 50% plus one of the households affected. Each relevant household within the special rating area, i.e. every receiver of a monthly municipal account, will have 1 vote only.
- 17.5 In determining the special additional rates the municipality shall differentiate between different categories as referred to in clause 7 of this policy.
- 17.6 The additional rates levied shall be utilised for the purpose of improving or upgrading of the specific area only and not for any other purposes whatsoever.
- 17.7 The municipality shall establish separate accounting and other record-keeping systems for the identified area and the households concerned shall be kept informed of progress with projects and financial implications on an annual basis.
- 18. FREQUENCY OF VALUATION**
- 18.1 The municipality shall prepare a new valuation roll at least every 4 (four) years.
- 18.2 In accordance with the Act the municipality, under exceptional circumstances, may request the MEC for Local Government and Housing in the province to extend the validity of the valuation roll to 5 (five) years.
- 18.3 Supplementary valuations may be done on a continual basis but at least on an annual basis.

## **19. COMMUNITY PARTICIPATION**

- 19.1 Before the municipality adopts the rates policy, the municipal manager will follow the process of community participation envisaged in chapter 4 of the Municipal Systems Act and comply with the following requirements:-
- 19.1.1 Council must establish appropriate mechanisms, processes and procedures to enable the local community to participate and will provide for consultative sessions with locally recognised community organisations and where appropriate traditional authorities.
  - 19.1.2 Conspicuously display the draft rates policy for a period of at least 30 days (municipality to include period decided on) at the municipality's head and satellite offices, libraries and on the website.
  - 19.1.3 Advertise in the media a notice stating that the draft rates policy has been prepared for submission to council and that such policy is available at the various municipal offices and on the website for public inspection.
  - 19.1.4 Property owners and interest persons may obtain a copy of the draft policy from the municipal offices during office hours at a fee as determined by Council as part of its annual tariffs. Property owners and interest persons are invited to submit written comments or representations to the municipality within the specified period in the notice.
  - 19.1.5 Council will consider all comments and/or representations received when considering the finalisation of the rates policy.
  - 19.1.6 The municipality will communicate the outcomes of the consultation process in accordance with section 17 of the Municipal Systems Act 32 of 2000.

## **20. REGISTER OF PROPERTIES**

- 20.1 The municipality will compile and maintain a register in respect of all properties situated within the jurisdiction of the municipality. The register will be divided into Part A and Part B.
- 20.2 Part A of the register will consist of the current valuation roll of the municipality and will include all supplementary valuations done from time to time.
- 20.3 Part B of the register will specify which properties on the valuation roll or any supplementary valuation roll are subject to:
- i. Exemption from rates in terms of section 15 of the Property Rates Act,
  - ii. Rebate or reduction in terms of section 15,
  - iii. Phasing-in of rates in terms of section 21, and
  - iv. Exclusions as referred to in section 17.
- 20.4 The register will be open for inspection by the public at the municipal main offices during office hours or on the website of the municipality.
- 20.5 The municipality will update Part A of the register during the supplementary valuation process.



- 20.6 Part B of the register will be updated on an annual basis as part of the implementation of the municipality's annual budget.

**21. BY-LAWS TO GIVE EFFECT TO THE RATES POLICY**

- 21.1 The municipality will adopt By-laws to give effect to the implementation of the Rates Policy and such By-laws may differentiate between different categories of properties and different categories of owners of properties liable for the payment of rates.

**22. REGULAR REVIEW PROCESSES**

- 22.1 The rates policy must be reviewed on an annual basis to ensure that it complies with the Municipality's strategic objectives as contained in the Integrated Development Plan and recent legislation.

**23. ENFORCEMENT/IMPLEMENTATION AND ENQUIRIES**

- 23.1 This policy has been approved by the Municipality in terms of Council resolution ..... dated .....and takes effect on the effective date of the first valuation roll on 1 July 2014.

# APPENDIX E

# **GA-SEGONYANYA LOCAL MUNICIPALITY**



## **BUDGET AND VIREMENTS POLICY**

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## **1. INTRODUCTION**

In terms of the Municipal Finance Management Act, No. 56 of 2003, Chapter 4 on Municipal Budgets, Subsection (16), states that the council of a municipality must for each financial year approve an annual budget for the municipality before the commencement of that financial year.

According to subsection (2) of the Act concerned, in order to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.

This policy must be read, analysed, explained, interpreted, implemented and understood against this legislative background. The budget plays a critical role in an attempt to realise diverse community needs. Central to this, the formulation of a municipality budget must take into account the government's macro-economic and fiscal policy fundamentals.

## **2. OBJECTIVES**

The objective of the this policy is to set out:

- The responsibilities of Council, the mayor, the accounting officer, the chief financial officer and other senior managers in compiling the budget
- To establish and maintain procedures to ensure adherence to the IDP review and budget processes.
- This policy seeks to build a regulatory framework and guidance around adjustment of the municipality's budgets (Operating or Capital Budget).
- This policy shall be read in the context of the provisions of the following acts, regulations and administrative guidelines;
  - MFMA Circulars
  - MFMA 56 of 2003
  - Municipal Budget and Reporting Regulations, Government Gazette no. 32141 dated 17 April 2009

## **3. BUDGETING PRINCIPLES**

The municipality shall not budget for a deficit and should also ensure that revenue projections in the budget are realistic taking into account actual collection levels unless motivated by the implementation of a certain policy or legislative requirement.

Expenses may only be incurred in terms of the approved annual budget (or adjustment budget) and within the limits of the amounts appropriated for each vote in the approved budget.

Gasegonyana Local Municipality shall prepare a three-year budget (medium term revenue and expenditure framework (MTREF)) and that be reviewed annually and approved by Council.

Directorates must always ensure that their budgets are structured in a manner that achieves the most appropriate alignment with the Integrated Development Plan (IDP) and procurement plans so as to avoid unnecessary adjustment of the budget.

The Policy is designed to enable Directorates to utilize efficiency savings derived in the implementation of some project to defray excess expenditure elsewhere within the Directorates.

#### **4. BUDGET PREPARATION PROCESS**

##### **4.1 FORMULATION OF THE BUDGET**

The Accounting Officer with the assistance of the Chief Financial Officer and the IDP Manager shall draft the IDP process plan as well as the budget timetable for the municipality for the ensuing financial year.

The Executive Mayor shall table the IDP process plan as well as the Budget Timetable to Council by 31 August each year for approval (10 months before the start of the next budget year).

IDP process plan as well as the budget timetable shall indicate the key deadlines for the review of the IDP as well as the preparation of the medium term revenue and expenditure framework budget and the revision of the annual budget. Such target dates shall follow the prescriptions of the Municipal Finance Management Act as well as the guidelines set by National Treasury.

- a) The Executive Mayor shall convene a strategic workshop in September/October with the mayoral committee and senior managers in order to determine the IDP priorities which will form the basis for the preparation of the MTREF budget taking into account the financial and service delivery pressures facing the municipality.
- b) The Executive Mayor shall table the draft IDP and MTREF budget to council by 31 March (90 days before the start of the new budget year) together with the draft resolutions and budget related policies.



- c) The Chief Financial Officer, GM: BTO, Manager Budget, Financial Managers and Senior Managers undertake the technical preparation of the budget.
- d) The budget must be in the prescribed format, and must be divided into capital and operating budget.
- e) The budget must reflect the realistically expected revenues by source for the budget year concerned.
- f) The expenses reflected in the budget must be divided into line items.
- g) The budget must also contain the information related to the two financial years following the financial year to which the budget relates, as well as the actual revenues and expenses for the prior year, and the estimated revenues and expenses for the current year.

**The budget must be accompanied by the following documents:**

- a) Draft resolutions approving the budget and levying property rates, other taxes and tariffs for the financial concerned
- b) Draft resolutions (where applicable) amending the IDP and the budget related policies
- c) Measureable performance objectives for each budget vote taking into account municipality's IDP
- d) The projected cash flows for the financial year by revenue source and expenditure votes broken down per month
- e) The cost to the municipality for the budget year of the salaries, allowances and other benefits

#### **4.2 QUALITY CERTIFICATE**

Whenever an annual budget and supporting documentation, an adjustments budget and supporting documentation or an in-year report of a municipality is submitted to the mayor, tabled in the municipal council, made public or submitted to another organ of state, it must be accompanied by a quality certificate signed by the municipal manager.

#### **4.3 CONSISTENCY IN BASES OF MEASUREMENT AND ACCOUNTING POLICIES**

The municipal manager of a municipality must take all reasonable steps to ensure that;

- a) the basis of measurement and accounting policies underpinning the municipality's annual financial statements are the same as those used in

the preparation of the municipality's annual budget and supporting documentation, its adjustments budgets and supporting documentation, and its in-year reports; and

b) any differences or changes between financial years are explicitly noted.

#### **4.4 BUDGET RELATED POLICIES OF THE MUNICIPALITY**

The municipal manager of a municipality must prepare, or take all reasonable steps to ensure the preparation of the budget-related policies of the municipality, or any necessary amendments to such policies, in accordance with the legislation applicable to those policies for tabling in the municipal council by the applicable deadline specified by the mayor in terms of section 21(1) (b) of the Act.

#### **4.5 ANNUAL BUDGETS OF THE MUNICIPALITY**

Format of annual budgets

The annual budget and supporting documentation of a municipality must be in the format specified by National Treasury, taking into account any guidelines issued by the Minister in terms of section 168(1) of the Act.

#### **5 . FUNDING OF EXPENDITURE**

- 1) The funding of an annual budget must be consistent with the trends, current and past, of actual funding collected or received.
- 2) Realistically anticipated revenues to be received from national or provincial government, national or provincial public entities, other municipalities, municipal entities, donors or any other source may be included in an annual budget only if there is acceptable documentation that guarantees the funds. Acceptable documentation is constituted by –
  - a) in case of allocations or transfers from national or provincial government, the latest available –
  - (i) gazetted allocations or transfers to the municipality following the approval of the current year's Division of Revenue Act, national annual budget, national adjustments budget, relevant provincial annual budget or provincial adjustments budget;
  - (ii) proposed allocations or transfers to the municipality contained in the tabled national and provincial budgets as detailed in accordance with section 36(2) of the Act;
  - (iii) written notifications from the relevant treasury of proposed allocations or transfers subsequent to the previous year's national and provincial approved annual budgets and latest adjustment budgets, but prior to the current year's budgets being tabled; or

- (iv) the previous years' allocations or transfers in the national and provincial annual budgets and adjustments budgets as gazetted;
  - b) in the case of transfers from other municipalities, the latest available –
    - (i) transfers in the approved annual budget or any subsequent approved adjustments budget of the transferring municipality;
    - (ii) proposed transfers contained in the tabled annual budget of the relevant transferring municipality;
    - (iii) written notification of proposed transfers from transferring municipalities communicated to the municipality in terms of section 37(2) of the Act; or
    - (iv) the previous year's transfers in the approved annual budget or any adjustments budget of the transferring municipality; and
  - c) in case of agency payments, public contributions, donations, donor grants or any other grants, subsidies or contributions, the relevant service level agreement, contract or other legally binding document which guarantees the funding.
- 3) Estimated provision for revenue from rates, taxes, levies or other charges that will not be collected must be budgeted for separately and reflected on the expenditure side of the municipality's annual budget and not netted out from budgeted revenue.
  - 4) The cash flow budget must reflect all funds realistically forecast to be collected, including arrears.
  - 5) The municipal manager in signing the quality certificate certifies that all ratepayers and consumers are accounted for in the annual budget calculations and that billing systems including property records and metering information are up to date and consistent with the revenue projections in the annual budget.
  - 6) To determine whether an annual budget is funded in accordance with section 18 of the Act, a simultaneous analysis is required of the financial performance, financial position, cash flow, and capital expenditure budgets together with any requirements for working capital and cash investments held for statutory or contractual purposes.

## **5.1 Funding of capital expenditure**

- 1) An annual budget must show total capital expenditure and the different sources of funding.
- 2) All sources of funding shown in terms of sub regulation (1) must be available, and must not have been committed for other purposes.

- 3) The total budgeted capital funding by source must equal the total budgeted capital expenditure.

## **6. APPROVAL OF CAPITAL PROJECTS**

- 1) Within ten working days after the municipal council has given individual approval for a capital project in terms of section 19(1)(b) of the Act, the municipal manager must in accordance with section 21A of the Municipal System Act make public –
  - a) the municipal council resolution approving the capital project; and
  - b) details of the nature, location and total projected cost of the approved capital project.
- 2) The following capital projects may be approved by a council either individually or as part of a consolidated capital programme as contemplated in section 19(3) of the Act:
  - a) capital projects of which the total projected cost is below R50 million, in the case of a municipality with approved total revenue in its current annual budget greater than R500 million.
- 3) Sub regulation (1) does not apply to capital projects whose total projected cost when the annual budget is approved is below the values set out in sub regulation (2).
- 4) Expenditure needed for capital projects below the values set out in sub regulation (2) may be included in the annual budget before the project is approved in terms of section 19(3) of the Act.

## **7. TABLING OF ANNUAL BUDGETS IN MUNICIPAL COUNCILS**

- 1) An annual budget and supporting documentation tabled in a municipal council in terms of sections 16(2) and 17(3) of the Act must –
  - a) be in the format in which it will eventually be approved by the council; and
  - b) be credible and realistic such that it is capable of being approved and implemented as tabled.
- c) When complying with section 68 of the Act, the municipal manager must submit
- 2) The draft municipal service delivery and budget implementation plan to the mayor together with the annual budget to be considered by the mayor for tabling in terms of section 16(2) of the Act.

- 3) For effective planning and implementation of the annual budget, the draft municipal service delivery and budget implementation plan may form part of the budget documentation and be tabled in the municipal council if so recommended by the budget steering committee.

## **8. PUBLICATION AND SUBMISSION OF ANNUAL BUDGETS FOR CONSULTATION**

- 1) When making public the annual budget and supporting documentation in terms of section 22(a) of the Act, read with section 21 A of the Municipal Systems Act, the municipal manager must also make public any other information that the municipal council considers appropriate to facilitate the budget consultation process, including –
  - b) summaries of the annual budget and supporting documentation in alternate languages predominant in the community; and
  - c) information relevant to each ward in the municipality.
- 2) All information contemplated in sub regulation (1) must cover:
  - a) the relevant financial and service delivery implications of the annual budget; and
  - b) at least the previous year's actual outcome, the current years forecast outcome, the budget year, and the following two years.
- 3) When submitting the annual budget to the National Treasury and the relevant provincial treasury in terms of section 22(b)(l) of the Act, the municipal manager must also submit to the National Treasury and the relevant provincial treasury, in both printed and electronic form –
  - a) the supporting documentation as tabled in the municipal council; and
  - b) any other information as may be required by the National Treasury.
- 4) The municipal manager must send copies of the annual budget and supporting documentation as tabled in the municipal council, in both printed and electronic form to –
  - a) Any other municipality affected by the annual budget within ten working days of the annual budget being tabled in the municipal council; and
  - b) Any other organ of state on receipt of a request from that organ of state.
  - c) Within 14 days after the draft annual budget has been tabled, the Municipality must post the budget and other budget-related documentation onto the municipal website so that it is accessible to the public as well as send hard copies to National Treasury.
  - d) The Chief Financial Officer must within 14 days submit the approved budget in both printed and electronic formats to the National Treasury, the Provincial Treasury as well as post it on the municipal website.



## **9. CONSIDERATION OF ANNUAL BUDGETS BY MUNICIPAL COUNCILS**

- 1) At least 30 days before the start of the budget year the mayor must for purposes of section 23 of the Act table the following documents in the municipal council –
  - a) a report summarizing the local community's views on the annual budget;
  - b) any comments on the annual budget received from the National Treasury and the relevant provincial treasury;
  - c) any comments on the annual budget received from any other organ of state, including any affected municipality; and
  - d) any comments on the annual budget received from any other stakeholders.
- 2) The municipal manager must assist the mayor in the preparation of the documents referred to in sub regulation (1) and section 23(2) of the Act.

## **10. APPROVAL OF ANNUAL BUDGETS**

- 1) A municipal council must consider the full implications, financial or otherwise, of the annual budget and supporting documentation before approving the annual budget.
  - a) The council resolution can contain budget policies.
  - b) Should the municipality fail to approve the budget before the start of the budget year, the executive mayor must inform the MEC for Finance that the budget has not been approved.
  - c) The budget tabled to Council for approval shall include the following supporting documents:
    - i. resolutions approving the budget and levying property rates, other taxes and tariffs for the financial year concerned;
    - ii. other resolutions;
    - iii. National Treasury prescribed budget schedules and supporting tables;
    - iv. any proposed amendments to the IDP;
    - v. any proposed amendments to the budget related policies.
- 2) When approving an annual budget, a municipal council must in terms of section 24(2) (c) of the Act, consider and adopt separate resolutions dealing with each of the matters contemplated in that section.
  - a) Within 14 days after the draft annual budget has been tabled, the Municipality must post the budget and other budget-related



- documentation onto the municipal website so that it is accessible to the public as well as send hard copies to National Treasury.
- b) The Chief Financial Officer must within 14 days submit the approved budget in both printed and electronic formats to the National Treasury, the Provincial Treasury as well as post it on the municipal website.

## **11. SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP)**

The Executive mayor must approve the Service Delivery and Budget Implementation Plan in the required format not later than 28 days after the approval of the Budget by Council.

## **12. CAPITAL BUDGET**

- a) Expenditure of a project shall be included in the capital budget if it meets the asset definition.
- b) Vehicle replacement shall be done in terms of Council's vehicle replacement policy.
- c) A municipality may spend money on a capital project only if the money for the project has been appropriated in the capital budget.
- d) The envisaged sources of funding for the capital budget must be properly considered and the Council must be satisfied that this funding is available and has not been committed for other purposes.
- e) Before approving a capital project, the Council must consider:
- i. the projected cost of the project over all the ensuing financial years until the project becomes operational,
  - ii. future operational costs and any revenues, which may arise in respect of such project, including the likely future impact on operating budget (i.e. on property rates and service tariffs).
- f) Before approving the capital budget, the council shall consider:
- i. the impact on the present and future operating budgets of the municipality in relation to finance charges to be incurred on external loans,
  - ii. depreciation of fixed assets,
  - iii. maintenance of fixed assets, and
  - iv. any other ordinary operational expenses associated with any item on such capital budget.
- g) Council shall approve the annual or adjustment capital budget only if it

- has been properly balanced and fully funded.
- h) The capital expenditure shall be funded from the following sources:

## **12.1 REVENUE OR SURPLUS**

If any project is to be financed from revenue this financing must be included in the:

- cash budget to raise sufficient cash for the expenditure.

If the project is to be financed from surplus there must be sufficient cash available at time of execution of the project.

## **12.2. EXTERNAL LOANS**

- External loans can be raised only if it is linked to the financing of an asset;
- A capital project to be financed from an external loan can only be started if the loan has been secured.
- The loan redemption period should not exceed the estimated life expectancy of the asset.
- Interest payable on external loans shall be included as a cost in the operating budget;
- Finance charges relating to such loans shall be charged to the service/vote to which the projects relate.

## **12.3 GRANT FUNDING**

- Non capital expenditure funded from grants must be budgeted for as part of the operating budget;
- Expenditure must be reimbursed from the funding creditor and transferred to the operating budget for as such;
- Capital expenditure must be budgeted for in the capital budget;
- Grant funding should be secured before spending can take place.

## **13. OPERATING BUDGET**

- a) The municipality shall budget in each annual and adjustments budget for the contribution / payment of:
- i. provision for accrued leave

- ii. unauthorized / over and other expenditure
- iii. provision for bad debts
- iv. provision for the obsolescence and deterioration of stock
- v. Depreciation and finance charges.
- b) When considering the draft annual budget, council shall consider the impact, which the proposed increases in rates and service tariffs will have on the monthly municipal accounts of households.
- c) The impact of such increases shall be assessed on the basis as required by National Treasury.

#### **14. FUNDING OF CAPITAL AND OPERATING BUDGET**

- a) The budget may be financed only from:
  - i. realistically expected revenues, based on current and previous collection levels;
  - ii. cash-backed funds available from previous surpluses where such funds are not required for other purposes; and
  - iii. borrowed funds in respect of the capital budget only.
  - iv. grant funding

#### **15. UNSPENT FUNDS / ROLL OVER OF BUDGET**

- a) The appropriation of funds in an annual or adjustments budget will lapse to the extent that they are unspent by the end of the relevant budget year, except for external funds relating to capital expenditure.
- b) Only unspent grant (if the conditions for such grant funding allows that) or loan funded capital budget may be rolled over to the next budget year
- c) Conditions of the grant fund shall be taken into account in applying for such rollover of funds
- d) Application for rollover of funds shall be forwarded to the budget office by the 15th of August each year to be included in next year's Adjustment budget for adoption by Council in February.
- e) Projects funded from the Capital Replacement Reserve can be rolled over to the next budget year only if confirmed by the Budget and Treasury Office.
- f) No unspent operating budget shall be rolled over to the next budget year.

#### **16. BUDGET TRANSFERS AND VIREMENTS**

- a) Budget transfers within the same funding segment shall be recommended by a Senior Manager and approved by the Chief Financial Officer or such other senior delegated official in the Budget and Treasury Office.
- b) No budget transfers or virement shall be made to or from salaries except with the prior approval of the Chief Financial Officer.
- c) Virements should be based on sound risk and financial management.
- d) Virements to or from the following categories is not permitted: bulk purchasing, provision for bad debts, depreciation and income.
- e) Directors may utilize a saving in the amount appropriated under a main expenditure category (e.g. Salaries, General Expenses etc.) within a functions and service which is under their control towards the defrayment of excess expenditure under another main expenditure category within the same function and service, with the approval of the Chief Financial Officer or such senior delegated official in the Budget & Treasury Department.
- f) Virements of conditional grant funds to purpose outside of that specified in the relevant conditional grant framework is not permitted.
- g) Savings in an amount appropriated for capital expenditure may not be used to defray operational expenditure.
- h) Virements should not result in adding new projects to the Capital Budget.
- i) Virements will be processed through completing a Virement Form (please see attached) which must be signed by the relevant Director and the budget accountant. All completed and signed Virement Forms must be forwarded to the Budget Office for processing or amending budget line items accordingly. This will ensure that all virements performed during the year can be tracked down.

## **17. ADJUSTMENT BUDGET**

### **17.1 Formats of adjustments budgets**

An adjustments budget and supporting documentation of a municipality must be in the format specified by National Treasury, taking into account any guidelines issued by the Minister in terms of section 168(1) of the Act.

### **17.2 Funding of adjustments budgets**

- 1) An adjustments budget of a municipality must be appropriately funded.
- 2) The supporting documentation to accompany an adjustments budget in terms of section 28(5) of the Act must contain an explanation of how the adjustments budget is funded.

### **17.3 Timeframes for tabling of adjustments budgets**

- 1) An adjustments budget referred to in section 28(2)(b), (d) and (f) of the Act may be tabled in the municipal council at any time after the mid-year budget and performance assessment has been tabled in the council, but not later than 28 February of the each year.
- 2) Only one adjustments budget referred to in sub regulation (1) may be tabled in the municipal council during a financial year, except when the additional revenues contemplated in section 28(2)(b) of the Act are allocations to a municipality in a national or provincial adjustments budget, in which case sub regulation (3) applies.
- 3) If a national or provincial adjustments budget allocates or transfers additional revenues to a municipality, the mayor of the municipality must, at the next available council meeting, but within 60 days of the approval of the relevant national or provincial adjustments budget, table an adjustments budget referred to in section 28(2) (b) of the Act in the municipal council to appropriate these additional revenues.
- 4) An adjustments budget referred to in section 28(2)(c) of the Act must be tabled in the municipal council at the first available opportunity after the unforeseeable and unavoidable expenditure contemplated in that section was incurred and within the time period set in section 29(3) of the Act.
- 5) An adjustments budget contemplated in section 28(2)(g) of the Act may only authorize unauthorized expenditure as anticipated by section 32(2)(a)(i) of the Act, and must be –
  - a) dealt with as part of the adjustments budget contemplated in sub regulation (1); and
  - b) a special adjustments budget tabled in the municipal council when the mayor tables the annual report in terms of section 127(2) of the Act, which may only deal with unauthorized expenditure from the previous financial year which the council is being requested to authorize in terms of section 32(2)(a)(i) of the Act.

Each adjustments budget shall reflect realistic excess, however nominal, of current revenues over expenditure.

- a) The chief financial officer shall ensure that the adjustments budgets comply with the requirements of the National Treasury reflect the budget priorities determined by the executive mayor, are aligned with the IDP, and comply with all budget-related policies, and shall make recommendations to the executive mayor on the revision of the IDP and the budget-related policies where these are indicated.
- b) Council may revise its annual budget by means of an adjustments budget as regulated.
- c) The Accounting Officer must promptly adjust its budgeted revenues and expenses if a material under-collection of revenues arises or is apparent.
- d) The Council shall in such adjustments budget, and within the prescribed framework, confirm unforeseen and unavoidable expenses on the recommendation of the Executive Mayor.



- e) The Council should also authorize the spending of funds unspent at the end of the previous financial year, where such under-spending could not reasonably have been foreseen at the time the annual budget was approved by the Council.
- f) Municipal taxes and tariffs may not be increased during a financial year except if required in terms of a financial recovery plan.
- g) Unauthorized expenses may be authorized in an adjustments budget.
- h) In regard to unforeseen and unavoidable expenditure, the following apply:
  - i. the Executive mayor may authorize such expenses in an emergency or other exceptional circumstances;
  - ii. these expenses must be reported by the Executive mayor to the next Council meeting;
  - iii. the expenses must be appropriated in an adjustments budget; and
  - iv. Council must pass the adjustments budget within sixty days after the expenses were incurred.

#### **17.4 Submission of tabled adjustments budgets**

- 1) The municipal manager must comply with section 28(7) of the Act, read together with section 22(b) (i) of the Act, within ten working days after the mayor has tabled an adjustments budget in the municipal council.
- 2) When submitting the tabled adjustments budget to the National Treasury and the relevant provincial treasury in terms of section 28(7) of the Act, read together with section 22(b)(i) of the Act, the municipal manager must submit in both printed and electronic form –
  - a) the supporting documentation referred to in section 28(5) of the Act within ten working days of the adjustments budget being tabled in the municipal council; and
  - b) any other information as may be required by the National Treasury.
- 3) The municipal manager must send copies of an adjustments budget and supporting documentation, in both printed and electronic form to –
  - a) any other municipality affected by that adjustments budget within ten working days of the adjustments budget being tabled in the municipal council; and
  - b) any other organ of state on receipt of a request from that organ of state.

#### **17.5 Approval of adjustments budget**

- 1) A municipal council must consider the full implications, financial or otherwise, of the adjustments budget and supporting documentation referred to in regulation 21 before approving the adjustments budget.
- 2) A municipal council may approve an adjustments budget dealing with matters referred to in section 28(2)(c) of the Act only if the expenditure was



recommended by the mayor in accordance with the framework prescribed in Chapter 5 of these Regulations.

## **18. IN-YEAR REPORTS OF MUNICIPALITIES**

### **18.1 Format of monthly budget statements**

The monthly budget statement of a municipality must be in the format specified by National Treasury, taking into account any guidelines issued by the Minister in terms of section 168(1) of the Act.

### **18.2 Publication of monthly budget statements**

1) The monthly budget statement of a municipality must be placed on the municipality's website.

### **18.3 Quarterly reports on implementation of budget**

- 1) The mayor's quarterly report on the implementation of the budget and the financial state of affairs of the municipality as required by section 52(d) of the Act must be –
- a) in the format specified by National Treasury, taking into account any guidelines issued by the Minister in terms of section 168(1) of the Act; and
  - b) consistent with the monthly budget statements for September, December, March and June as applicable; and
  - c) submitted to the National Treasury and the relevant provincial treasury within five days of tabling of the report in the council.

### **18.4 Format of a mid-year budget and performance assessment**

A mid-year budget and performance assessment of a municipality referred to in section 72 of the Act must be in the format specified by National Treasury, taking into account any guidelines issued by the Minister in terms of section 168(1) of the Act.

### **18.5 Publication of mid-year budget and performance assessments**

1) Within five working days of 25 January each year the municipal manager must make the mid-year budget and performance assessment public by placing it on the municipal website.

### **18.6 Submission of mid-year budget and performance assessments**

The municipal manager must submit to the National Treasury and the Relevant provincial treasury, in both printed and electronic form –

- a) the mid-year budget and performance assessment by 25 January of each year; and

b) any other information relating to the mid-year budget and performance assessment as may be required by the National Treasury.

## **19. BUDGET IMPLEMENTATION**

### **19.1 Monitoring**

a) The Accounting Officer with the assistance of the Chief Financial Officer and other senior managers is responsible for the implementation of the budget, and must take reasonable steps to ensure that:

- funds are spent in accordance with the budget;
- expenses are reduced if expected revenues are less than projected; and
- revenues and expenses are properly monitored.

b) The Accounting officer with the assistance of the Chief Financial Officer must prepare any adjustments budget when such budget is necessary and submit it to the Executive mayor for consideration and tabling to Council.

## **20. CONCLUSION**

The Accounting Officer must place on the municipality's official website the following:

- the annual and adjustments budgets and all budget-related documents;
- all budget-related policies;
- the integrated development plan
- the annual report;

# APPENDIX F

# **GA-SEGONYANA LOCAL MUNICIPALITY**

**BULK SERVICES CONTRIBUTION POLICY:  
WATER, SANITATION AND ELECTRICITY**





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## 1. DEFINITIONS

- 1.1 **"Average monthly demand"** means the average estimated or measured demand by any user or consumer in respect of any Service during any continuous period of 12 months or such other period as may be determined by the Municipality;
- 1.2 **"Bulk infrastructure"** means the public infrastructure by means of which water, sewerage and electricity are generated, collected, stored, purified, conveyed and disposed of, as the case may be, and which connects to the reticulation system which in turn distributes services to or from end users;
- 1.3 **"Bulk services contribution"** means a monetary contribution levied by the municipality and recovered from developers as a connection fee in respect of a development;
- 1.4 **"Cost of capital"** means the cost of capital expressed as an effective annual interest rate at which the Bulk Infrastructure is financed by any Financier;
- 1.5 **"Demand model"** means a model utilised by the Municipality to project over a specified period of time the demand (peak and monthly average) needed for specific services to be provided to accommodate development.
- 1.6 **"Development"** means any new or extended building, office complex, office park, retail centre or other commercial development, factory or industrial development or park, mine, township, subdivision, division, consolidation, rezoning, consent use or enhanced use rights of whatever nature granted on land by the municipality;
- 1.7 **"Gross lettable area" or "GLA"** means that portion of a development, which can be occupied for its intended use;
- 1.8 **"Individual residential dwelling"** for purposes of sanitation services, means any individually metered residential dwelling where its sewage is





water-borne and which is further classified in terms of the following categories:

- 1.8.1 Low capacity unit: featuring 1 toilet per unit or erf;
  - 1.8.2 Medium capacity unit: featuring 2 toilets per unit or erf;
  - 1.8.3 High capacity unit: featuring 3 or more toilets per unit or erf.
- 1.9 **"Peak demand"** means the highest estimated or measured demand by any user during any continuous period of 24 months or such shorter period as may be determined by the municipality;
- 1.10 **"Unit contribution"** means a bulk service contribution, expressed as a monetary amount payable in respect of a defined component of a development (such as a residential unit or a unit of usable space);
- 1.11 **"Present value" or "PV"** means the value of an amount of money which is to be spent over an extended period expressed at its current value, after taking into account the projected change in the value of money;

## 2. OBJECTIVE OF THE POLICY

- 2.1. The municipality recovers the cost to it of bulk infrastructure by providing for a portion thereof in the tariffs for the service in question as well as by means of bulk service contributions.
- 2.2. This policy provides a framework for the determination of bulk service contributions on an equitable basis thereby allowing tariffs to be set at a more affordable level and shortening the period of recovery of the capital cost of bulk infrastructure, thus reducing long-term debt, improving the municipality's balance sheet and its credit rating and further enabling the municipality to develop a capital reserve for new and replacement bulk infrastructure.



- 2.3. The municipality is entitled to levy bulk infrastructure contributions as a condition of approval of a development, in terms of section 42, Land Use Planning Ordinance (Cape) 15/1985.
- 2.4. It is accepted that existing property owners already contributed to some extent to the capital cost of bulk infrastructure at the time of their respective developments in the past and additional contributions will be applicable only on extension of existing structures or for increased use rights.
- 2.5. The municipality will levy bulk service contributions when it approves a new development, specific extensions to existing building structures or grants increased use rights for an existing development to account for the projected impact the development or alterations thereto will have on the municipality's bulk infrastructure, accordingly enabling it to fulfil its constitutional mandate to provide sustainable municipal services.

### **3. JUST ADMINISTRATIVE ACTION**

- 3.1. The Constitution entitles everyone to administrative action which is lawful, reasonable and procedurally fair and to be given reasons for any such action which affects them.
- 3.2. The Promotion of Administrative Justice Act 3/2000 is the legislation required by the Constitution to give effect to the right to just administrative action and to promote an efficient administration and good governance and to create a culture of accountability, openness and transparency in public administration or in the exercise of a public power or the performance of a public function.
- 3.3. This policy incorporates the above principles by providing parameters and procedures to guide the municipality and its officers in implementing it, and thereby exercising a public power through a series of administrative actions. In so doing, this policy seeks to provide certainty on the part of those affected by it with regard to how the municipality will act in the



circumstances covered by the policy and uniformity of action on the part of its officers.

- 3.4. The municipality commits itself and its officers to act fairly and justly in an open and transparent manner in implementing this policy.

## 4. METHODOLOGY

- 4.1. In the case of water and sanitation infrastructure systems, the municipality must plan to provide bulk infrastructure capable of delivering the peak demand thereon (in the case of water) or peak flow therein (in the case of sewerage) over a defined planning period.
- 4.2. The municipality has developed a demand model for these two services, assessing the period 2010 to 2030 and has projected the increased peak demand and flow, respectively, for that period, resulting from developments, enabling it to reflect this increase as a percentage of system capacity.
- 4.3. Bulk services contributions in the form of connection fees are calculated to recover a similar percentage of the current bulk infrastructure budget.
- 4.4. In order to ensure an equitable spread of contributions, the connection fees for residential water users will be determined by reference to connection and meter size, which define low, medium and high capacity users.

The demand model enables the expected total peak demand for each category to be determined and accordingly a proportionate connection fee to be set, thus allowing developers to contribute according to the impact each category of user in their developments will have on bulk infrastructure (and in turn to recover appropriately from end-users).

- 4.5. In similar fashion, in terms of the demand model, the expected peak flow of sewerage can be calculated for each category (this being directly proportional to water use), which are accordingly defined by reference to water connection and meter size.



- 4.6. For both the water and sewerage services, the unit contribution for typical commercial and industrial developments and residential developments which are not individually metered are calculated on the basis of a fee per set unit of gross lettable area and the policy provides for the calculation, where necessary, of a connection fee based on actual peak demand, in the case of potentially extraordinarily high capacity users.
- 4.7. With regard to electricity, again the demand model enables the increase in peak demand resulting from developments to be determined over the planning period and said increase to be reflected as a proportion of current capital spend. Contributions are calculated to recover the amount arrived at.

In order to ensure an equitable spread of contributions, individual contributions are calculated by reference to connection size (given that smaller capacity connections have a significantly lower expected maximum demand than medium and high capacity connection users).

- 4.8. As with water and sewerage, the unit contribution for typical commercial and industrial developments and residential developments which are not individually metered, is based on a fee per set unit of gross lettable area.

In the case of potentially extraordinarily high peak demand users, the policy provides for an individually calculated connection fee to be calculated based on actual peak demand.

## 5. WATER SERVICE

- 5.1. The municipality's demand model reveals that peak water consumption will increase from 12.5Ml per day in 2010 to 28.1Ml per day in 2030. This equates to  $\pm 46\%$  of the bulk system capacity.
- 5.2. Applying the methodology in paragraph 4, an amount equivalent to 46% of the current expenditure for bulk water infrastructure must be recovered



from connection fees, being an amount of R183 million (per Feasibility Study dated November 2010).

It is recognised that only  $\pm 25\%$  of the increase in demand will be due to construction of new dwellings whilst the balance will be due to upgrade of service levels. This forecast a recovery of  $\pm R46$  million from new developments.

- 5.3. Connection fees on existing dwellings/structures will be applicable to extension of existing structures or for increased use rights.
- 5.4. The following unit connection fees are accordingly determined with effect from the 2011/2012 financial year, for typical, individually metered residential units, to be paid by a developer per unit in a development:

Capacity	Connection Size	Meter Size	Fee (Rand)
Intermediate LOS (e.g. yard connection)	20mm	15mm	R1 950
Low	20mm	15mm	R4 200
Medium	25mm	20mm	R8 200
High	40mm	32mm	R15 750
High	50mm	40mm	R15 750

- 5.5. For typical commercial, industrial and non-individually metered residential developments, a fee of R7 500, per 100m<sup>2</sup> of bulk, or 100m<sup>2</sup> GLA, whichever is most appropriate, is set.
- 5.6. In respect of exiting dwellings, a 30% discount will be applicable if the applicant pays the connection fee upfront.
- 5.7. Notwithstanding the above, if the municipality receives an application for approval of a development which, because of its size or the water intensive nature of the activities to be conducted therein, is likely to achieve a peak demand in excess of the expected levels in the demand model, the municipality is entitled as a condition of approval to require the developer to



pay a bulk contribution calculated on the basis of the expected peak demand for that development over the planning period.

In this regard, the Municipal Manager shall consider any reports commissioned by him, consult with the developer and determine a contribution.

The provisions of section 62, Local Government: Municipal Systems Act 32/2000 shall apply with regard to any such determination.

- 5.8. The Council will annually consider a report from the Municipal Manager on actual recoveries from connection fees against expected fees as reflected in the demand model as well as the calculated impact of any approved developments and adjust the connection fees in accordance with the methodology in 3 above to ensure adequate recovery over the study period or any adjustment thereof from time to time.

## 6. SANITATION SERVICE

- 6.1. The municipality's demand model predicts an increase in peak flow between 2010 and 2030 from 8 MI per day to 22.9 MI per day. This increase represents 66% of the 2030 capacity and will need capital input of R 137 million. (November 2010 feasibility study)
- 6.2. It is recognised that approximately 40% of the increase in demand will be due to construction of new dwellings and an amount of ±R55 million should be recovered from these developments.
- 6.3. Expected peak sewage flow per residential type is directly proportional to peak water consumption.

Accordingly, a more equitable division of unit contributions is achieved by categorising residential types by reference to the size of the water supply connections to a unit, rather than the standardised size of sewerage connection.





- 6.4. The following unit connection fees are determined for implementation from the 2011/2012 financial year, for typical residential units, individually metered for water and business/commercial developments (to be paid by a developer per unit in a development):

Capacity	Typical number of toilets	Water connection size	Connection Fee(R)
Low	1	20 mm	R5 400
Medium	2	25 mm	R8 840
High	3 or more	40 & 50 mm	R12840

- 6.5. For typical commercial, industrial and non-individually metered residential developments, a fee of R9 920 per 100m<sup>2</sup> of bulk, or 100m<sup>2</sup> GLA, whichever is most appropriate, is set.
- 6.6. The provisions of paragraph 5.6 and 5.8 shall mutatis mutandis apply in respect of the sewerage service.
- 6.7. The provisions of paragraph 5.7 shall mutatis mutandis apply in respect of the capital contribution to bulk sewerage infrastructure by a developer in relation to a development referred to therein.

## 7. ELECTRICITY SUPPLY

- 7.1. The municipality's demand model for electricity predicts an increase in demand from 2010 to 2030 from 310 Mwh/d to 645 Mwh/d and this increase represents 52% of the 2030 capacity. (November 2010 feasibility study)
- 7.2. The capital need for this amount is R124.3 million and it is recognised that approximately 70% (R87 million) of this is due to construction of new dwellings whilst the balance is contributing to upgrade of service levels.
- 7.3. The contribution will be based on the capacity utilised which is also determined by the connection size which is the most accurate predictor of expected maximum demand. K



- 7.4. The following connection fees are determined for typical residential units, individually metered, for electricity, for the financial year 2011/2012, to be paid by a developer for each unit in a development:

Capacity	Size of connection (Amps)	Connection fee (R)
LOS	10	R4 000
Low	20	R8 000
Medium	40	R16 000
High	60 (single & 3 phase)	R24 000

- 7.5. For typical commercial, industrial and non-individually metered residential developments a fee of R16 000 per 100 m<sup>2</sup> of bulk or 100 m<sup>2</sup> of GLA, whichever is the most appropriate, is set.
- 7.6. The provisions of paragraph 5.6 and 5.8 shall mutatis mutandis apply in respect of the electricity service.
- 7.7. The provisions of paragraph 5.7 shall mutatis mutandis apply in respect of a development as referred to therein.

## 8. OTHER MATTERS

- 8.1. The Municipal Manager shall be entitled to negotiate a discount to a maximum of 30% on Bulk service contributions payable on developments in a category or area determined by the Council from time to time, to facilitate development.
- 8.2. Bulk service contributions calculated and levied in terms of this Policy will be payable upon any of the following events:
- 8.2.1. Approval of the township by the Municipality in the case of a new development. The Bulk service contributions will be quantified in terms of the services agreement between the Municipality and the relevant Developer(s) and must be paid before the township register can be opened at the deeds office;

- 8.2.2. Approval of a rezoning application in terms of an existing development: The Bulk service contributions will be quantified in the relevant motivation to the Council and must be paid before any building plans are approved;
- 8.2.3. Submission of an application for the amendment of building plans in respect of an individual residential dwelling or another building and where the proposed modification(s), changes or extension as the case may be, will lead to an increase in demand for services: Payment in full of the additional Bulk service contributions is required prior to final approval of the plans.

## 9. CONTRIBUTIONS RING-FENCED

- 9.1. Contributions received by the municipality pursuant to this policy must be separately identified and recorded in the financial records of the municipality (with in its Capital Replacement Reserve) and only utilised for the purposes of supporting capital projects relating to the upgrade, maintenance or extension of a capital infrastructure of the service in question.

10. MUNICIPAL MANAGER IS THE RESPONSIBLE AND ACCOUNTABLE OFFICER

- 10.1. The Municipal Manager is responsible and accountable for the implementation of this policy and shall report annually to the Council on the applicability of the fees set herein and the extent to which the policy is achieving its objectives.
- 10.2. The Municipal Manager is hereby delegated all the necessary power and authority to fulfil the obligation interms of this policy, with authority to supper delegate to the appropriate level.

# APPENDIX G

# GA-SEGONYANYA LOCAL MUNICIPALITY



## **Asset Management Policy**

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## **1. INTRODUCTION**

This policy for the management of assets has been designed to assist management and officials of the Ga-Segonyana Municipality with the description of management procedures for Property, Plant and Equipment, Investment Property, Agricultural Assets and Intangible Assets. It also should assist with the capacity to differentiate between activities, which are acceptable in terms of general authorization, supervisory responsibilities and limits of authority to the management of assets and functions of the organisation.

This policy will provide certainty with respect to the handling of asset management procedures undertaken within the organization and will ensure that management and employees understand their respective responsibilities and duties.

For the purpose of this policy, assets exclude inventory and monetary assets such as debtors.

This policy replaces all asset management procedures/instructions and memoranda that have been previously issued.

Failure to comply with this policy will result in the institution of disciplinary procedures in terms of the stipulated human resource policies and procedures of the Municipality.

## **2. OBJECTIVE**

The objective of this policy is to ensure that assets of the Municipality are properly managed and accounted for by:

- The accurate recording of essential asset information;
- The accurate recording of asset movements;
- Exercising strict physical controls over all assets;
- Treating the assets correctly in the Municipality's financial statements;
- Providing accurate and meaningful management information;
- Compliance with the Council's accounting policies and Generally Recognised Accounting Practices;
- Adequate insuring of assets;
- Maintenance of Council's assets;
- Ensuring that managers are aware of their responsibilities with regard to the assets; and
- Setting out the standards of management, recording and internal controls so as to safeguard the assets against inappropriate utilisation or loss.

### 3. STATUTORY FRAMEWORK

The statutory framework for this policy is:

- The Constitution of the Republic of South Africa, Act 108 of 1996;
- Local Government: Municipal Structures Act, No 117 of 1998;
- Local Government: Municipal Systems Act, No 32 of 2000;
- Local Government: Municipal Finance Management Act, No. 56 of 2003;
- Regulation No. 31346 of 2008;
- Municipal Supply Chain Management Regulations No. 27636;
- Generally Recognised Accounting Practice.

### 4. ACCOUNTING STANDARDS

This document constitutes a policy statement and shall not take precedence over the standards specified by the Accounting Standards Board. The relevant accounting standards include:

- GRAP 1 – Presentation of Financial Statements;
- GRAP 13 – Leases;
- GRAP 16 – Investment Property;
- GRAP 17 - Property, Plant and Equipment;
- GRAP 100 - Non – current Assets Held for Sale and Discontinued Operations;
- GRAP 101 - Agricultural;
- GRAP 102 – Intangible Assets; and
- IAS 36 - Impairment of Assets

Other relevant accounting standards are:

- GRAP 12 on Inventories
- GRAP 11 on Construction Contracts

### 5. DEFINITIONS

Every effort has been made to use definitions established through legislation, standards of accounting and other guidance on asset management. Should uncertainty arise regarding a specific definition the definition as per the relevant original legislation or standard of accounting shall be referred to.

**“Accounting Officer”** means the Municipal Manager appointed in terms of Section 82 of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998) and being the head of administration and accounting officer in terms of Section 60 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000).

**“Agricultural Activity”** is the management by an entity of the biological transformation of biological assets for sale, into agricultural produce, or into additional biological assets.

**“Active market”** is a market in which all the following conditions exist:

- The assets traded within the market are homogeneous;
- Willing buyer and seller can normally be found at any time; and
- Prices are available to the public.

**“Agricultural Produce”** is the harvested product of the entity's biological assets.

**“Amortisation”** is the systematic allocation of the depreciable amount of an intangible asset over its useful life.

**“Assets”** are resources controlled by the Municipality as a result of past events and from which future economic benefit or service potential are expected to flow. However for the purpose of this policy exclude inventory and other monetary assets.

**“Asset categories”** are the six main asset categories defined as follows:

- **Infrastructure assets** – are defined as any asset that is part of a network of similar assets. Examples are roads, water reticulation schemes, sewage purification and trunk mains, transport terminals and car parks.
- **Community assets** – are defined as any asset that contributes to the community's well-being. Examples are parks, libraries and fire stations.
- **Heritage assets** – are defined as culturally significant resources. Examples are works of art, historical buildings and statues.
- **Investment properties** – are defined as properties that are acquired for economic and capital gains. Examples are office parks and under-developed land acquired for the purpose of resale in future years.
- **Intangible assets** – are identifiable assets without physical substance.
- **Other assets** – are defined as assets utilized in normal operations. Examples are plant, equipment, motor vehicles and furniture and fittings.

**“Asset's Life-Cycle”** is the cycle of activities that an asset goes through – including planning, design, initial acquisition and/or construction, cycle of operation and maintenance and capital renewal and finally disposal.

**“Asset Manager”** is any official who has been delegated responsibility and accountability for the control, usage, physical and financial management of the Municipality's assets in accordance with the entity's standards, policies, procedures and relevant guidelines.

**"Asset Register"** is a record of information on each asset that supports the effective financial and technical management of the assets, and meets statutory requirements.

**"Biological Asset"** is a living animal or plant.

**"Biological Transformation"** comprises the processes of growth, degeneration, production and procreation that cause qualitative or quantitative changes to a biological asset.

**"Carrying amount"** is the amount at which an asset is recognized after deducting any accumulated depreciation and accumulated impairment losses.

**"Chief Financial Officer"** means an officer of a municipality designated by the municipal manager to be administratively in charge of the budgetary and treasury functions.

**"Class of property, plant and equipment"** means a grouping of assets of a similar nature or function in a municipality's operations, which is shown as a single item for the purpose of disclosure in the financial statements.

**"Commercial service"** means a service other than a municipal service

- (a) rendered by a private sector party or organ of state to or for a municipality or municipal entity on a commercial basis; and
- (b) which is procured by the municipality or municipal entity through its supply chain management policy.

**"Community Assets"** – are defined as any asset that contributes to the community's well-being. Examples are parks, libraries and fire stations.

**"Cost"** – is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or where applicable, the amount attributed to that asset when initially recognized in accordance with the specific requirements of Standards of GRAP.

**"Depreciation"** – is the systematic allocation of the depreciable amount of an asset over its useful life.

**"Depreciable Amount"** – is the cost of an asset, or other amount substituted for cost in the financial statements, less its residual value.

**"Depreciated replacement cost"**, in relation to capital assets, means an amount equivalent to the cost to replace the capital assets on the date of transfer adjusted by a deemed depreciated cost at the date of the transfer taking into account the age and condition of the assets.

**"Disposal"**, in relation to capital assets, includes –

- (a) the demolition, dismantling or destruction of the capital assets; or



- (b) any other process applied to capital assets which results in loss of ownership of the capital assets otherwise than by way of transfer of ownership.

**“Disposal management system”** means the system contemplated in regulation 40 of the Municipal Supply Chain Management Regulations, published by General Notice No. 868 of 2005.

**“Enhancements / Rehabilitation”** is an improvement or augmentation of an existing asset beyond its original recognized service potential for example useful life, capacity, quality and functionality.

**“Fair Value”** – is the amount for which assets could be exchanged between knowledgeable, willing parties in an arm's length transaction.

**“GRAP”** is Standards of Generally Recognised Accounting Practice

**“Head of department / senior manager”** – means a manager referred to in section 56 of the Municipal Systems Act.

**“Heritage Assets”** – are defined as culturally significant resources. Examples are works of art, historical buildings and statues.

**“Historical cost”** - means the original purchase price or cost of acquisition of the capital assets at the time the assets were acquired

An **“impairment loss”**– of cash generating assets is the amount by which the carrying amount of assets exceeds its recoverable amount.

An **“impairment loss”**- of non-cash generating assets is the amount by which the carrying amount of assets exceeds its recoverable service amount.

**“Infrastructure assets”**- are defined as any asset that is part of a network of similar assets. Examples are roads, water reticulation schemes, sewerage purification and trunk mains, transport terminals and car parks.

**“Intangible assets”**- are identifiable non-monetary assets without physical substance.

**“Investment Properties”** – are defined as property (land or a building-or part of a building-or both) held (by the owner or by lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for:

- (a) use in the production and supply of goods or services or for administrative purposes; or
- (b) sale in the ordinary course of business.

**“Municipality”** means the Ga-Segonyana Municipality.

**“Other Assets”** – are defined as assets utilized in normal operations. Examples are plant and equipment, motor vehicles and furniture and fittings.

**“Property, Plant and Equipment” (PPE)** – are tangible assets that:

- are held by a municipality for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and
- are expected to be used during more than one period.

**“Realisable value”** means the amount of cash or cash equivalents that could currently be obtained by transferring the capital assets, less the estimated cost of completion and the estimated costs necessary to make the transfer.

**“Recoverable Amount”** – is the amount that the Municipality expects to recover from the future use of assets, including its residual value on disposal.

**“Recoverable service amount”** is the higher of a non-cash-generating asset’s fair value less costs to sell and its future value in use.

**“Residual Value”** – of assets is the estimated amount that an entity would currently obtain from disposal of the assets, after deducting the estimated costs of disposal, if the assets were already of the age and condition expected at the end of its useful life. R 1 for all assets and 10% of cost price for all vehicles

**“Right to use, control or manage”** means a right to use, control or manage the capital assets for a period exceeding one calendar month without ceding legal ownership in the assets. In other words, where the granting of such rights do not amount to the transfer or permanent disposal of the assets, for example when a right is acquired through a leasing, letting or hiring out arrangement.

**“Senior Manager”** is a manager referred to Section 57 of the Municipal Systems Act (MSA) being someone reporting directly to the municipal manager.

**“Service provider”**–

- in relation to a municipal service, means a private sector party or organ of state appointed by a municipality in terms of Chapter 8 of the Municipal Systems Act to perform a municipal service in accordance with that Act; or
- in relation to a commercial service, means a private sector party or organ of state appointed in terms of the supply chain management policy of a municipality or municipal entity to render a commercial service to or for the municipality or entity as an independent contractor.

**“Supply chain management policy”** means the supply chain management policy which a municipality or municipal entity is required to have in terms of Chapter 11 of the Act.

**“The Act”** means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

**“Transfer”**, in relation to a capital or subsidiary asset, means transfer of ownership in the asset as a result of a sale or other transaction.



***“Useful Life”*** – is either:

- the period of the time over which an asset is expected to be used by the Municipality, or
- the number of production or similar units expected to be obtained from the asset by the Municipality.

## **6. BACKGROUND**

The utilization and management of PPE, investment property, intangible assets and agricultural assets is the prime mechanism by which the Municipality can fulfil its constitutional mandates for:-

- Delivery of sustainable services;
- Social and economic development;
- Promoting safe and healthy environments; and
- Fulfilling the basic needs to the community.

As trustees on behalf of the local community, the Municipality has a legislative and moral obligation to ensure it implements policies to safeguard the monetary value and future service provision invested in assets.

The policy for the management of assets deals with the Municipal rules required to ensure the enforcement of appropriate stewardship of assets. Stewardship has two components being the:-

- Financial administration by the Chief Financial Officer; and
- Physical administration by the relevant managers.

Statutory provisions are being implemented to protect public property against arbitrary and inappropriate management or disposals by local government.

Accounting standards have been approved by the Accounting Standards Board to ensure the appropriate financial treatment for property, plant and equipment, investment property, intangible assets and agricultural assets. The requirements of these new accounting standards include:-

- The compilation of asset registers covering all assets controlled by the Municipality.
- Accounting treatment for the acquisition, disposal, recording and depreciation / amortisation of assets.
- The standards to which financial records must be maintained to comply with the new accounting standards.

## **7. DELEGATION OF POWERS**

This policy should be applied with due observance of the Municipality's policy with regard to delegated powers. Such delegations refer to delegations

between the Municipal Manager and other responsible officials as well as between the Council and the Executive Mayor and the Council and the Municipal Manager. All delegations in terms of this policy must be recorded in writing.

In accordance with the Local Government: Municipal Finance Management Act (Act 56 of 2003) (MFMA), the Municipal Manager is the accounting officer of the Municipality and therefore all designated officials are accountable to him/her. The Municipal Manager is therefore accountable for all transactions entered into by his/her designates.

The overall responsibility of asset management lies with the Municipal Manager. However, the day to day handling of assets should be the responsibility of all officials in terms of delegated authority reduced in writing.

## **8. RESPONSIBILITY**

### **8.1 Municipal Manager**

The Municipal Manager is responsible for the management of the assets of the Municipality, including the safeguarding and the maintenance of those assets. He/she must ensure that:-

- The Municipality has and maintains a management, accounting and information system that accounts for the assets of the Municipality.
- The Municipality's assets are valued in accordance with standards of Generally Recognized Accounting Practice (GRAP).
- The Municipality has and maintains a system of internal control of assets, including an asset register.
- Senior managers and their teams comply with this policy.

### **8.2 Chief Financial Officer**

The Chief Financial Officer is responsible to the Municipal Manager to ensure that the financial investment in the Municipality's assets is safeguarded and maintained. He/she may delegate or otherwise assign responsibility for performing these functions but he/she will remain accountable for ensuring that these activities are performed. He/she must ensure that:-

- Appropriate systems of financial management and internal control are established and carried out diligently.
- The financial and other resources of the Municipality assigned to him/her are utilized effectively, efficiently, economically and transparently.
- Any unauthorized, irregular or fruitless or wasteful expenditure, and losses resulting from criminal or negligent conduct, are prevented.
- The systems, processes and registers required to substantiate the financial values of the Municipality's assets are maintained to standards sufficient to satisfy the requirements of effective management.
- Financial processes are established and maintained to ensure the Municipality's financial resources are optimally utilized through

appropriate asset plan, budgeting, purchasing, maintenance and disposal decisions.

- The Municipal Manager is appropriately advised on the exercise of powers and duties pertaining to the financial administration of assets.
- Ensure implementation of the approved Asset Management Policy;
- Verify assets in possession of the Council once a year;
- Receive from the Asset Management Section a detailed "outcome report" on the assets verification exercise;
- Keep a complete and balanced record of all assets in possession of the Council;
- Report in writing all asset losses to the Council;
- Ensure that the asset register of the Council is balanced quarterly.
- The senior managers and senior management teams are appropriately advised on the exercise of their powers and duties pertaining to the financial administration of assets.

### **8.3 Senior Managers**

The Senior Managers must ensure that:-

- Appropriate systems of physical management and control are established and carried out for assets in their area of responsibility.
- The Municipal resources assigned to them are utilized effectively, efficiently, economically and transparently.
- Any unauthorized, irregular or fruitless or wasteful utilization and losses resulting from criminal or negligent conduct are prevented.
- Their management systems and controls can provide an accurate, reliable and up to date account of assets under their control.
- They are able to justify that their plans, budgets, purchasing, maintenance and disposal decisions for assets optimally achieve the Municipality's strategic objectives.

The senior managers may delegate or otherwise assign responsibility for performing these functions but they will remain accountable for ensuring that these activities are performed.

Each senior manager should report to the Municipal Manager on issues that will significantly impede the item of asset capabilities to provide the required level of service or economic benefit.

The responsibility for the physical control of assets rests with the relevant senior manager to whom the responsibility was delegated to in terms of section 79 of the Municipal Finance Management Act, No 56 of 2003.

Each senior manager shall ensure that assets entrusted to him / her are adequately maintained, properly used and insured and ensure that section 78 of the Municipal Finance Management Act, No 56 of 2003, is adhered to.

No amendments, deletions or additions to the asset register shall be made other than by the Asset Manager or by an official acting as the Asset Manager and must be authorized by the Chief Financial Officer.

Upon the resignation / retirement of an employee, the applicable senior manager must inform the Chief Financial Officer and Administration Department in writing that the asset items entrusted to that employee to execute his / her duties are in good order and returned. When necessary the applicable senior manager must inform the Administration Department of any losses and the value of such losses. The ultimate responsibility of any losses lies with the relevant senior manager.

## **9. ASSET REGISTER**

The Municipal Manager shall ensure that the municipality maintains a fixed asset system which shall be operated in conjunction with its computerized fixed asset register.

The identification system shall be determined by the municipal manager, acting in consultation with the Chief Financial Officer and other Senior Manager, and shall comply with any legal prescriptions, as well as any recommendations of the Auditor-General as indicated in the municipality's audit report(s), and shall be decided upon within the context of the municipality's budgetary and human resources.

The asset register shall be maintained in the format determined by the Chief Financial Officer, which format shall comply with the requirements of generally recognised accounting practice (GRAP) and any other accounting requirements which may be prescribed.

The asset register shall reflect the following information:

- a brief but meaningful description of each asset
- the date on which the asset was acquired or brought into use
- the location of the asset
- the responsible senior manager and department(s) or vote(s) within which the assets will be used
- the title deed number, in the case of property
- the stand number, in the case of property
- where applicable, the identification number
- the measurement based used (Cost or Fair Value)
- the original useful life
- the revised useful life
- the residual value
- the original cost, or the revalued amount or the fair value if no costs are available
- the (last) revaluation date of the assets subject to revaluation
- the revalued value of such assets
- who did the (last) revaluation
- accumulated depreciation to date
- the depreciation charge for the current financial year
- the carrying value of the asset
- the method and rate of depreciation
- impairment losses incurred during the financial year (and the reversal of such losses, where applicable)



- method of calculating recoverable amount (when impairment test are required in terms of GRAP)
- increases or the decreases resulting from revaluations (if applicable)
- the source of financing
- condition of the asset
- the current insurance arrangements
- whether the asset is required to perform basic municipal services.
- the date on which the asset is disposed of
- the disposal price
- the date on which the asset is retired from use, if not disposed of.

All heads of department under whose control any asset falls shall promptly provide the Chief Financial Officer in writing with any information required to compile the asset register, and shall promptly advise the Chief Financial Officer in writing of any material change which may occur in respect of such information.

An asset shall be capitalised, that is, recorded in the asset register, as soon as it is acquired. If the asset is constructed over a period of time, it shall be recorded as work-in-progress until it is available for use, where after it shall be appropriately capitalised as a fixed asset. An asset shall remain in the asset register for as long as it is in physical existence.

The Asset Manager must ensure that reconciliations are performed on a monthly basis between the general ledger values and the asset values and to be submitted to the Chief Financial Officer.

The Chief Financial Officer must check and authorize the reconciliations as correct.

Depreciation methods and rates used must be approved by the Chief Financial Officer and included in the approved accounting policy.

The Asset Manager should allocate depreciation rates and methods to each asset class, and ensure that depreciation calculations are correctly applied and posted in the general ledger.

## **10. CLASSIFICATION OF ASSETS**

In compliance with the requirements of the National Treasury, the Chief Financial Officer shall ensure that all assets are classified under the following headings in the Fixed Assets Register, and Heads of Departments shall in writing provide the Chief Financial Officer with such information or assistance as is required to compile a proper classification:

### **10.1 Property, Plant and Equipment (PPE)**

- Land (not held as investment assets).
- Infrastructure assets (assets which are part of a network of similar assets).

- Community assets (assets contributing to the general well-being of the community).
- Heritage assets (culturally significant assets).
- Other assets (ordinary operational assets).
- Housing (rental stock or housing stock not held for capital gain).

Save for land and buildings other assets shall be classified under the following headings:

- Computer equipment;
- Office equipment;
- Furniture and fittings;
- Radio Equipment;
- Plant and machinery;
- Motor Vehicles; and
- Emergency Equipment.

## **10.2 Investment Property**

Investment assets (resources held for capital or operational gain and which are not used by the Municipality). Properties occupied by the Municipality, Councilors or officials are classified as owner-occupied property and are therefore not classed as investment property

Investment properties will be treated in accordance with GRAP 16 and will separately be classified in the Statement of Financial Position. Investment properties will not be depreciated but will annually be revalued.

Adjustments to the previous year's recorded fair value shall be accounted for as either gains (revenues) or losses (expenses) in the accounting records of the department or service controlling the assets concerned.

An expert valuer shall be engaged by the municipality to undertake such valuations.

If the council of the municipality resolves to construct or develop a property for future use as an investment property, such property shall in every respect be accounted for as an ordinary fixed asset until it is ready for its intended use – where after it shall be reclassified as an investment asset.

## **10.3 Intangible Assets**

Intangible assets are identifiable non-monetary assets without physical substance.

Intangible assets will be treated in accordance with GRAP 102 and will separately be classified in the Statement of Financial Position. Intangible assets shall be valued at cost less any accumulated amortization and any impairment losses.



## **10.4 Agricultural Assets**

Agricultural Assets will be treated in accordance with GRAP 101 and will separately be classified in the Statement of Financial Position,

## **10.5 Assets Treated as Inventory**

Any land or buildings owned or acquired by the Municipality with the intention of selling such property in the ordinary course of business, or any land or buildings owned or acquired by the Municipality with the intention of developing such property for the purpose of selling it in the ordinary course of business, shall be accounted for as inventory, and not included in either property, plant and equipment or investment property in the Municipality's statement of position.

Such inventories shall, however, be recorded in the asset register in the same manner as other fixed assets, but a separate section of the asset register shall be maintained for this purpose.

The Chief Financial Officer shall use the classifications indicated in the Appendix A on estimated lives of assets, as a guideline and in the case of an item of assets not appearing in the Appendix A shall use the classification applicable to the asset most closely comparable in the Appendix A.

# **11. CAPITALISATION CRITERIA**

## **11.1 PPE and Intangible Assets**

All assets may only be acquired in terms of Council's Supply Chain Management Policy and in terms of the budgetary provisions. The responsibility for the purchase of assets would be delegated in terms of Council's Delegation Framework and Supply Chain Management Policy. Depending on the cost of the asset to be purchased the following procedure for purchasing an asset must be followed:

- Senior managers shall at all times ensure that there are enough funds in their departmental budgets before requesting approval to any requisition to purchase an asset;
- Senior managers shall ensure that the correct vote and expenditure line item are used and recorded on the requisition requesting approval to purchase an asset;
- Tenders or quotations as required in terms of Council's Supply Chain Management policy should be obtained and where required submitted to Council's tender committee for approval;
- The tender committee resolution of the approved tender or recommended quotation should be attached to the requisition signed by the relevant head of department;
- The order would then be generated by the Supply Chain Management Unit;
- Once delivered the asset must be labeled / bar-coded by the Supply Chain Management Unit before such asset is put into use;

- The senior manager should endorse receipt of the asset on the invoice and forwarded it for payment to the Supply Chain Management Unit; and
- The Revenue and Expenditure Unit would then generate payment.

The completion of any immovable asset by or under control of every head of department should promptly be declared to the Chief Financial Officer in writing stating the full details required for recording in the assets register.

All PPE and intangible assets shall be carried in the asset register, and appropriately recorded in the annual financial statements, at their original cost or fair value less any accumulated depreciation or amortisation in the case of intangible assets.

The original cost of an item of PPE or intangible assets may include:

- Cost price;
- Financing costs (MFMA section 46(4));
- Import tax;
- Non-claimable purchase tax; and
- Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

When payment for an item of PPE or intangible assets is deferred beyond normal credit terms, its cost is the cash price equivalent. The difference between this amount and the total payments is recognized as an interest expense over the period of credit.

When an item of PPE is acquired to be exchanged or partly exchanged for a dissimilar item of PPE or other asset, the cost of such item is measured at the fair value of the asset received, which is equivalent to the fair value of the asset given up adjusted by the amount of any cash or cash equivalents paid additional. For the purpose hereof, "fair value" shall be determined by the Council with due regard to the definition ascribed to fair value in paragraph 2 hereof.

The only exceptions to this rule shall be revalued items of PPE (see part 7.9 below) and heritage assets in respect of which no depreciation is recorded in the asset register.

Subsequent expenditure relating to an asset that has already been capitalized, should only be added to the carrying amount of the asset when it is probable that future economic benefits or potential service delivery, in excess of the originally assessed standard of performance of the existing asset, will flow to the Municipality.

## **11.2 Investment Property**

An investment property shall be measured initially at its cost. Transaction costs shall be included in the initial measurement. The cost of purchased investment property includes all directly attributable expenditure (professional fees for legal services, property transfer taxes and other transaction costs).

When payment for an investment property is deferred beyond normal credit terms, its cost is the cash price equivalent. The difference between this amount and the total payments is recognized as an interest expense over the period of credit.

When investment property is acquired to be exchanged or partly exchanged for a dissimilar investment property or other asset, the cost of such item is measured at the fair value of the asset received, which is equivalent to the fair value of the asset given up adjusted by the amount of any cash or cash equivalents paid additional. For the purpose hereof, "fair value" shall be determined by the Council with due regard to the definition ascribed to fair value in paragraph 2 hereof.

After initial recognition investment property will be measured at fair value. A gain or loss arising from a change in fair value shall be recognized as a profit or loss in the Statement of Financial Performance in the period in which it arises. The fair value of investment property shall reflect market conditions at reporting date.

In terms of GRAP 16 transfers to and from investment property shall be made when there is a change in use:

- (a) Commencement of owner-occupation, for a transfer from investment property to owner-occupied property;
- (b) Commencement of development with a view to sale, for a transfer from investment property to inventories;
- (c) End of owner-occupation, for a transfer from owner-occupied property to investment property; or
- (d) Commencement of an operating lease to another party, for a transfer from inventories to investment property.

When an investment property is transferred to inventory or owner-occupied property, the property's deemed cost is the fair value of the property at the date of the change in use.

For a transfer from inventories to investment property, that will be carried at fair value, any difference between the fair value of the property at that date and its previous carrying amount shall be recognized in the Statement of Financial Performance.

### **11.3 Reinstatement, Maintenance and Other Expenses**

Only expenses incurred in the enhancement of an asset (in the form of improved or increased services or benefits flowing from the use of such asset) or in the material extension of the useful operating life of an asset shall be capitalised.

Expenses incurred in the maintenance or reinstatement of an asset shall be considered as operating expenses incurred in ensuring that the useful operating life of the asset concerned is attained, and shall not be capitalised, irrespective of the quantum of the expenses concerned.

Expenses, which are reasonably ancillary to the bringing into operation of an asset, may be capitalised as part of such asset. Such expenses may include but need not be limited to import duties, forward cover costs, transportation costs, instalation, assembly and communication costs.

#### **11.4 Intangible Assets**

Assets that meet the criteria of GRAP 102 (Intangible Assets) shall be recognized as Intangible Assets at cost.

#### **11.5 Heritage Assets**

If no original costs or fair values are available in the case of one or more or all heritage assets, the Chief Financial Officer may, if it is believed that the determination of a fair value for the assets in question will be a laborious or expensive undertaking, record such asset or assets in the asset register without an indication of the costs or fair value concerned.

For Statement of Financial Position purposes, the existence of such heritage assets shall be disclosed by means of an appropriate note.

#### **11.6 Donated Assets**

Where an asset is donated to the Municipality, or an asset is acquired by means of an exchange of assets between the Municipality and one or more other parties, the asset concerned shall be recorded in the asset register at its fair value, as determined by the Chief Financial Officer.

## **12. DEPRECIATION**

### **12.1 Depreciation of PPE**

All PPE, except land and heritage assets, shall be depreciated – or amortised in the case of intangible assets.

Depreciation may be defined as the monetary quantification of the extent to which PPE is used or consumed in the provision of economic benefits or the delivery of services.

Depreciation shall generally take the form of an expense both calculated and debited on an annual basis against the appropriate line item in the department or vote in which the item of PPE is used or consumed.

However, depreciation shall initially be calculated from the day following the day in which an item of PPE is acquired or – in the case of construction works and plant and machinery – the day following the day in which the item is brought into use, until the end of the year concerned. Thereafter, depreciation charges shall be calculated monthly.

Each Head of Department, acting in consultation with the Chief Financial Officer, shall ensure that reasonable budgetary provision is made annually for the depreciation of all applicable PPE controlled or used by the department in



question or expected to be so controlled or used during the ensuing financial year.

The procedures to be followed in accounting and budgeting for the amortisation of intangible assets shall be identical to those applying to the depreciation of other PPE.

### **12.2 Rate of Depreciation and Amortisation**

The Chief Financial Officer shall assign a useful operating life to each depreciable item of PPE recorded on the Municipality's asset register. In determining such a useful life the Chief Financial Officer shall use to the useful lives set out in the Appendix A to this document as a guideline.

In the case of an item of PPE which is not listed in this Appendix A, the Chief Financial Officer shall determine a useful operating life, if necessary in consultation with the Head of Department who shall control or use the item in question, and shall be guided in determining such useful life by the likely pattern in which the item's economic benefits or service potential will be consumed.

The procedures to be followed in accounting and budgeting for the amortisation of intangible assets shall be identical to those applying to the depreciation of other PPE.

### **12.3 Method of Depreciation**

The Chief Financial Officer shall allocate the depreciable amount of all depreciable PPE and intangible straight line basis over its useful life.

The residual value and useful life of an asset shall be reviewed at least at each reporting date and, if expectations differ from previous estimates, the changes shall be accounted for as a change in accounting estimate in accordance with GRAP 3.

## **13. AMENDMENT OF ASSET LIVES AND DIMINUTION IN THE VALUE OF PPE**

Only the Chief Financial Officer may amend the useful operating life assigned to any PPE, and when any material amendment occurs the Chief Financial Officer shall inform the Council of such amendment.

The Chief Financial Officer shall amend the useful operating life assigned to any item of PPE if it becomes known that such item has been materially impaired or improperly maintained to such an extent that its useful operating life will not be attained, or any other event has occurred which materially affects the pattern in which the item's economic benefits or service potential will be consumed.

If the value of an item of PPE or intangible assets has been diminished to such an extent that it has no or a negligible further useful operating life or

value such item shall be fully depreciated or eradicated in the financial year in which such diminution in value occurs.

Similarly, if an item of PPE has been lost, stolen or damaged beyond repair, it shall be fully depreciated in the financial year in which such event occurs, and if the item has physically ceased to exist, it shall be written off in the asset register.

In all of the foregoing instances, the additional depreciation expenses shall be debited to the department or vote controlling or using the item of PPE or intangible asset in question.

If any of the foregoing events arises in the case of a normally non-depreciable item of PPE, and such item has been capitalised at a value other than a purely nominal value, such item shall be partially or fully depreciated, as the case may be, as though it were an ordinary depreciable item of PPE, and the department or vote controlling or using the item in question shall bear the full depreciation expenses concerned.

Additional depreciation not budgeted for as a result of unforeseeable or unavoidable circumstances must be provided for in an adjustments budget and, if such circumstances arises close to the end of the financial year and there will not be time for Council to consider the adjustments before the end of the financial year, may in advance be approved by the Mayor in terms of Section 29 of the MFMA, provided that any other provisions of the MFMA be complied with.

## **14. IMPAIRMENT OF ASSETS**

The accounting treatment relating to impairment losses is outlined in IAS37.

The carrying amount of an item or a group of identical items of PPE and intangible assets should be reviewed periodically in order to assess whether or not the recoverable amount has declined below the carrying amount.

When such a decline has occurred, the carrying amount should be reduced to the recoverable amount. The amount of the reduction should be recognised as an expense immediately, unless it reverses a previous revaluation in which case it should be charged to the Revaluation Reserve.

The recoverable amount of individual assets, or groups of identical assets, is determined separately and the carrying amount reduced to the recoverable amount on an individual asset, or group of identical assets, basis. However, there may be circumstances when it may not be possible to assess the recoverable amount of an asset on this basis, for example when all of the plant and equipment in a sewerage purification works is used for the same purpose. In such circumstances, the carrying amount of each of the related assets is reduced in proportion to the overall decline in recoverable amount of the smallest grouping of assets for which it is possible to make an assessment of the recoverable amount.



The following may be indicators that an asset is impaired:

- The asset has been damaged.
- The asset has become technologically obsolete.
- The asset remains idle for a considerable period either prior to it being put into use or during its useful life.
- Land is purchased at market value and is to be utilized for subsidized housing developments, where the subsidy is less than the purchase price.

The following steps will have to be performed regularly during the year to account for impairment losses:

- Departments will identify and inform the Chief Financial Officer of assets that:
  - Are in a state of damage at year end.
  - Are technologically obsolete at year end.
  - Have remained idle for a considerable period either prior to them being put into use at year end or during their useful life.
  - Are subject to impairment losses because the subsidies to be received in exchange for assets are less than the carrying amounts.
- The recoverable amounts of these assets need to be determined by calculating the net selling price per asset as defined above.
- The impairment loss per asset is the difference between the net selling price and the carrying value of the asset.
- The impairment loss needs to be accounted for by identifying the relevant funding source.

## **15. REVALUATION OF ITEMS OF PPE**

All land and buildings recorded in the municipality's fixed asset register shall be revalued every four years. Under such circumstances a sworn valuer will be appointed to perform a valuation of all land and buildings.

Land and buildings are stated at revaluated amounts, being the fair value at the date of revaluation less subsequent accumulated depreciation and impairment losses on the buildings.

The Chief Financial Officer shall adjust the carrying value of the land and buildings concerned to reflect in each instance the value of the items as recorded in the valuation roll, provided the Chief Financial Officer is satisfied that such value reflects the fair value of the land and buildings concerned.

The Chief Financial Officer shall also, where applicable, create a revaluation reserve for each such item equal to the difference between the value as recorded in the valuation roll and the carrying value of the item before the adjustment in question.

The buildings concerned shall thereafter be depreciated on the basis of its revalued amount, over its remaining useful operating life, and such increased depreciation expenses shall be budgeted for and debited against the appropriate line item in the department or vote controlling or using the buildings in question.

The Chief Financial Officer shall ensure that an amount equal to the difference between the new (enhanced) annual depreciation expense and the depreciation expenses determined in respect of such buildings before the revaluation in question is transferred each year from the revaluation reserve to the Municipality's appropriation account. An adjustment of the aggregate transfer shall be made at the end of each financial year, if necessary.

If the amount recorded by the valuer is less than the carrying value of the item of land or buildings recorded in the asset register, the Chief Financial Officer shall adjust the carrying value of such item by increasing the accumulated depreciation of the item in question by an amount sufficient to adjust the carrying value to the value as recorded by the valuer. Such additional depreciation expenses shall form a charge, in the first instance, against the balance in any revaluation reserve previously created for such item, and to the extent that such balance is insufficient to bear the charge concerned, an immediate additional charge against the department or vote controlling or using the item of land or building in question.

Revalued land and buildings shall be carried in the asset register, and recorded in the annual financial statements, at their revalued amount, less accumulated depreciation (in the case of buildings).

## **16. ACQUISITION OF ASSETS**

### **16.1 Pre-acquisition Planning**

Before a capital project is included in the budget for approval, the Chief Financial Officer must demonstrate that he/she has considered the following:

- The projected cost over all the financial years until the project is operational;
- The future operational costs and revenue on the project, including the tax and tariff implications;
- The financial sustainability of the project over its life including revenue generation and subsidisation requirements;
- The physical and financial stewardship of that asset through all stages of its life including acquisition, installation, maintenance, operations, disposal and rehabilitation;
- The inclusion of the capital project in the Integrated Development Plan and future budgets; and
- Alternatives to the capital purchase.

The heads of department are accountable to ensure that the Chief Financial Officer receives all reasonable assistance, guidance and explanation to enable him to achieve his planning requirements.

## **16.2 Approval to Acquire Assets**

Money can only be spent on a project if:

- The money has been appropriated in an approved capital budget;
- The project, including the total cost has been approved by the Council;
- The Chief Financial Officer confirms that funding is available for that specific project; and
- Any contract that will impose financial obligations beyond two years after the budget year is appropriately disclosed.
- The Supply Chain Management Policy is adhered to.

Authorization for the acquisition of assets should be as per this Municipality's delegation of authority and payment for assets shall be in accordance with financial policies and regulations of this Municipality.

## **16.3 Funding of Capital Projects**

Within the Municipality's on-going financial, legislative or administrative capacity, the Chief Financial Officer must establish and maintain the funding strategies that optimise the Municipality's ability to achieve its strategic objectives as stated in the Integrated Development Plan. The acquisition of assets may not be funded over a period longer than the useful life of that asset.

# **17. PURCHASE OR HIRE OF IMMOVABLE PROPERTY**

The Municipality may acquire by purchase, or by hire, immovable property within- or outside the municipal boundary provided it complies with the requirements of the MFMA and the Supply Chain Management policy and subject to the following:

- The cost of the purchase or hire had been budgeted for; and
- The intention to buy or hire the immovable property had been advertised for public comment.
- After consideration of any public comments/objections the Council will:
  - In the case of the following paragraph complies with the requirements of that paragraph; and
  - In the case of all other immovable property, finally resolve to continue with the purchase or hire and apply the supply chain management processes
- The Council will not continue with the purchase or hire of any immovable property where:
  - The price is in excess of the market value thereof as assessed by an appraiser; or
  - The rental which, when calculated per annum in the case of:

- Immovable property hired for agricultural purposes, exceeds six percent; and
- Immovable property hired for any other purpose, exceed twelve percent of the market value of the property, as assessed by an appraiser.

The Council may accept a gift or conveyance of immovable property either for the Municipality or in trust for charitable or other public purposes not connected with public worship, and hold the same in such trust or for such purpose as may be declared by such donors and may administer, utilize and improve such property.

The trustees of any immovable property held in trust for any township village of settlement which has become a municipality or part of a municipality may transfer such property to the Council, subject to any special trusts in their deeds of title and upon conditions not at variance therewith.

## **18. GUIDELINE PROCEDURES FOR ADDITIONS TO ASSETS**

The Asset Manager must ensure all additions to assets are in accordance with an approved capital budget. Additions must be updated on a monthly basis in the Municipality's Asset register. All additions must be approved by the Chief Financial Officer.

## **19. FUNDING OF ASSETS AND RESERVES**

Within the municipality's on-going financial, legislative or administrative capacity, the Chief Financial Officer will establish and maintain the funding strategies that optimise the municipality's ability to achieve its strategic objectives as stated in the integrated development plan. The acquisition of assets will not be funded over a period longer than the useful life of that asset.

Type of funding may comprise of the following:

### **19.1 EXTERNAL LOANS**

- Long term; and
- Short term.

### **19.2 Government Grants/ Public Contributions and Donations**

- National Government;
- Provincial Government; and
- Other stakeholders.

### **19.3 REVENUE**



Revenue arising from the following transactions and events:

- The sale of goods;
- The rendering of services; and
- Exercising of legal powers and duties.
  - a. The surplus arising from the revaluation of land and buildings is credited to a non-distributable reserve. The revaluation reserve is realized as revaluated buildings are depreciated, through a transfer from the Revaluation Reserve to the accumulated surplus/(deficit). On disposal, the net revaluation surplus is transferred to the accumulated surplus/(deficit) while gains or losses on disposal, based on revaluated amounts, are charged to the Statement of Financial Performance.
- The use by others of municipal assets thereby yielding interest, royalties and dividends.

#### **19.4 Capital Replacement Reserve**

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus / (deficit) to the CRR in terms of a Council Resolution for approval thereof as part of the budget process. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus / (Deficit) are credited by a corresponding amount when the amounts in the CRR are utilized. The amount transferred to the CRR is based on the municipality's need to finance capital projects included in the Integrated Development Plan.

## **20. ALIENATION OF ASSETS**

In compliance with the principles and prescriptions of the Municipal Finance Management Act, the transfer of ownership of any item of PPE shall be fair, equitable, transparent, competitive and consistent with the Municipality's supply chain management policy and the Municipal Asset Transfer Regulations

Every head of department shall report in writing to the Chief Financial Officer on 30 April of each financial year on all assets controlled or used by the department concerned which such head of department wishes to alienate by public auction or public tender.

The Chief Financial Officer shall thereafter consolidate the requests received from the various departments, and shall promptly report such consolidated information to the Council or the Municipal Manager of the Municipality, as the case may be, recommending the process of alienation to be adopted.

The Council shall delegate to the Municipal Manager the authority to approve the alienation of any moveable asset with a carrying value less than R50 000 (fifty thousand rand). The Council shall ensure that the alienation of any asset with a carrying value equal to or in excess of R50 000 (fifty thousand rand) takes place in compliance with Section 14 of the Municipal Finance Management Act, 2004..

In terms of Section 14 of the Municipal Finance Management Act, 2004 the Municipality may not transfer ownership as a result of a sale or other transaction or otherwise permanently dispose of assets needed to provide the minimum level of basic municipal services.

The Municipality may transfer ownership or otherwise dispose of assets other than one contemplated above, but only after the Council, in a meeting open to the public:-

- has decided on reasonable grounds that the asset is not needed to provide the minimum level of basic municipal services; and
- has considered the fair market value of the item and the economic and community value to be received in exchange for the asset.

The decision that a specific asset is not needed to provide the minimum level of basic municipal services, may not be subsequently reversed by the Municipality after that asset has been sold, transferred or otherwise disposed of.

Once the assets are alienated, the Chief Financial Officer shall treat the disposal of the items in terms of GRAP and amend the relevant records of the asset register. If the proceeds of the alienation are less than the carrying value recorded in the asset register, such difference shall be recognised as a loss in the Statement of Financial Performance of the department or vote concerned.

If the proceeds of the alienation, on the other hand, are more than the carrying value of the asset concerned, the difference shall be recognised as a gain in the Statement of Financial Performance of the department or vote concerned.

Transfer of assets to other municipalities, municipal entities (whether or not under the Municipality's sole or partial control) or other organs of state shall take place in accordance with the Municipal Asset Transfer Regulations.

## **21. GUIDELINE PROCEDURES FOR THE DISPOSAL OF ASSETS**

The Senior Manager must submit a motivation for the disposal of an asset under his/her control to the Chief Financial Officer.

The Chief Financial Officer must authorize, by signature the motivation and submit the motivation to the Accounting Officer for his/her approval.

Before computer equipment is disposed the Chief Financial Officer must consult the IT section.

All combined motivations must be submitted to the Asset Manager to update the asset register of the Municipality and the book of accounts regarding the sale.



The following information should be updated in the asset register:

- Reason for disposal;
- Information relating to the buyer;
- Individual requesting disposal;
- Cost, book value and proposed selling price of the asset;
- Date of sale;
- Method of payment;
- Receipt number; and
- The relevant asset information

## **22. OTHER WRITE-OFFS OF PPE**

An item of PPE, even though fully depreciated, shall be written off when it can no longer be used, in consultation with the Head of Department controlling or using the item concerned.

Every Head of Department shall report to the Chief Financial Officer on 31 October and 30 April of each financial year on any item of PPE which such Head of Department wishes to have written off, stating in full the reason for such recommendation.

The Chief Financial Officer shall consolidate all such reports, and shall promptly notify the Council on the PPE to be written off.

The only reasons for writing off PPE, other than the alienation of such item of PPE, shall be the loss, theft, and destruction or material impairment of the PPE in question.

If an item of PPE must be written off as a result of an occurrence out of the control of the Municipality, such as malicious damage, theft or destruction, the municipal manager must determine whether a third party or an employee was involved in the loss and take all reasonable steps to recover such loss, including reporting the incident to the South African Police Services and the Auditor General, the insurance as well as institute disciplinary steps against any employee who might have been involved in such incident.

In every instance where a not fully depreciated item of PPE is written off, the Chief Financial Officer shall immediately debit to such department or vote, as additional depreciation expenses, the full carrying value of the item concerned.

## **23. MANAGEMENT AND OPERATION OF ASSETS**

### **23.1 Accountability to manage assets**

Each Senior Manager is accountable to ensure that Municipal resources assigned to them are utilized effectively, efficiently, economically and transparently. This will include:

- Developing appropriate management systems, procedures, processes and controls for managing assets;
- Providing accurate, reliable and up to date account of assets under their control; and
- The development and motivation of relevant strategic asset management plans and operational budgets that optimally achieve the Municipality's strategic objectives.

### **23.2 Contents of a strategic management plan**

Senior Managers need to manage assets under their control to provide the required level of service or economic benefit at the lowest possible long-term cost. To achieve this, the Senior Manager will need to develop strategic asset management plans that cover:-

- Alignment with the Integrated Development Plan;
- Operational guidelines;
- Performance monitoring;
- Maintenance programs;
- Renewal, refurbishment and replacement plans;
- Disposal and Rehabilitation plans;
- Operational, financial and capital support requirements, and
- Risk mitigation plans including insurance strategies

The operational budgets are the short to medium term plan for implementing this strategic asset management plan.

#### **General Requirements**

Items purchased, with an expected life span of more than one year, will be reported by the department doing the purchasing to the Asset Control Section to ensure recording in the asset register. In order to record items the Asset Control Section must be notified by the department doing the purchasing **within 14 days** of any of the following possible movements:

- Purchases;
- Donations;
- Additions/Improvements;
- Departmentally manufactured items;
- Auctions;
- Loss or damage;
- Transfers;
- Resignations; and
- Land Sales.

### **23.3 Reporting of Emerging Issues**

Each Functional Manager should report to the Municipal Manager on issues that will significantly impede the item of asset capabilities to provide the required level of service or economic benefit.

## 23.4 Verification of Assets

Stock taking will ensure that all new assets are bar-coded and created on the system. Every employee will be notified within 10 days in advance of the stock taking process and time. Stock taking will ensure that all the new assets are bar-coded and created on system timely and accurately. It will be the responsibility of the Asset Control Section to organise and coordinate the stock taking process. Stock taking will take place once a year. After the physical stock taking the following reports will be generated for the Chief Financial Officer:

- **"Assets not yet Verified"**: Assets which are created on the asset system, but not found during stock take;
- **"Assets missing from Asset System"**: Assets which are scanned during stock take, but not created on the asset system; and
- **"Assets where locations differ"**: Assets found in a different office than in which it was registered on the asset system.

Duplicate inventory lists will be produced and handed to every employee assigned to an office. The inventory lists will be verified by that specific employee and signed. One inventory list will be handed to the Asset Control Section and the other one will be attached to the back of the employees' office door. If there are any inaccuracies on the list it will immediately be rectified.

## 23.5 Movement of Assets

Every Head of Department shall promptly and fully report in writing to the Chief Financial Officer, in the format determined by the Chief Financial Officer, all transfers from its original location of assets (including minor assets items) within 5 working days after transfer of such item.

## 23.6 Purchase of New Asset

All new assets will receive a bar code number and description before being captured to the Asset System. All documentation regarding the purchase of the asset must be received by the Asset Control Section:

- EFT number,
- copy of order,
- invoice and
- other detail.

A copy of the documentation received will then be filed suitably.

# 24. MAINTENANCE

## 24.1 Maintenance Plans

Every Head of Department shall ensure that a maintenance plan in respect of every new infrastructure asset with a value of R100 000 (one hundred

thousand rand) or more is promptly prepared and submitted to the Council for approval.

If so directed by the Municipal Manager, the maintenance plan shall be submitted to the Council prior to any approval being granted for the acquisition or construction of the infrastructure asset concerned.

The Head of Department controlling or using the infrastructure asset in question, shall annually report to the Council, not later than in July or the earliest Council meeting thereafter, of the extent to which the relevant maintenance plan has been complied with, and of the likely effect which any non-compliance may have on the useful operating life of the item concerned.

#### **24.2 Deferred Maintenance**

If there is material variation between the actual maintenance expenses incurred and the expenses reasonably envisaged in the approved maintenance plan for any infrastructure asset, the Chief Financial Officer shall disclose the extent of and possible implications of such deferred maintenance in an appropriate note to the annual financial statements. Such note shall also indicate any plans which the Council has approved in order to redress such deferral of the maintenance requirements concerned.

If no such plans have been formulated or are likely to be implemented, the Chief Financial Officer shall re-determine the useful operating life of the fixed asset in question, if necessary in consultation with the Head of Department controlling or using such item, and shall recalculate the increased annual depreciation expenses accordingly.

#### **24.3 General Maintenance of Assets**

Every Head of Department shall be directly responsible for ensuring that all assets are properly maintained and in a manner which will ensure that such item attain their useful operating lives.

### **25. REPLACEMENT STRATEGY**

The Municipal Manager, in consultation with the Chief Financial Officer and other Heads of Departments, shall formulate norms and standards for the replacement of all normal operational assets. Such norms and standards shall be incorporated in a formal strategy, which shall be submitted to the Council for approval. This strategy shall cover the replacement of motor vehicles, furniture and fittings, computer equipment, and any other appropriate operational items.

Such strategy shall also provide for the replacement of assets which are required for service delivery but which have become uneconomical to maintain.



## **26. TRANSFER OF ASSETS**

When assets are transferred to other Government Departments or municipalities, a document with specific authorization should be tied to the asset to ensure the validity of the transfer.

The document should also include:

- Asset description;
- Cost of the asset;
- Date of acquisition;
- Unique asset number;
- Effective date of transfer;
- Quantity; and
- Authorization by both transferor and transferee.

The asset manager must then effect the transactions in the book of accounts of the Municipality on the day the asset is transferred to the transferee.

## **27. PHYSICAL SECURITY OF ASSETS**

Every Senior Manager shall be directly responsible for the physical safekeeping of any asset controlled or used by their department.

In exercising this responsibility, every Senior Manager shall adhere to directives issued by the Chief Financial Officer with regard to the control and safekeeping of the Municipality's assets.

Every Senior Manager shall ensure that the asset identification system approved for the municipality is scrupulously applied in respect of all fixed assets controlled or used by the department in question.

All assets should be kept in a secure location, maintained regularly, insured against theft or destruction, utilized economically and efficiently.

When it is suspected that an employee is abusing assets, this fact should be reported to the Chief Financial Officer within 48 hours. Such an employee should be subject to the disciplinary procedures as described in terms of the Standard Conditions of Service.

All items of PPE lost, stolen or damaged must be reported to the Chief Financial Officer within 48 hours after discovery for further investigation and reporting required by the Municipal Finance Management Act No. 56 of 2003.

At the resignation of an employee the applicable Senior Manager or his/her duly delegated representative must complete the relevant asset form and forward it to the Human Resources Department. This form is a statement that the asset items entrusted to the employee to execute his/her daily duties are in good order and handed in where necessary.

## 28. INSURANCE OF ASSETS

The Accounting Officer must ensure that all assets are insured at least against fire and theft, and municipal buildings and infrastructure are insured at least against fire and allied perils.

The Accounting Officer shall recommend, after consultation with the Chief Financial Officer, the basis of insurance cover to be applied: either the carrying value or the replacement value of the assets. Such a recommendation shall take due cognizance of the budgetary resources of the Municipality.

Any theft, loss or damage to an asset should immediately be reported to Council's insurance brokers by the relevant head of department under whose responsibility the asset falls. Each such case must be reported for investigation to the Health and Safety Committee and the outcome be reported to the Municipal Manager to institute disciplinary steps and / or recovery. A copy of the insurance claim submitted should be forwarded to the Chief Financial Officer. All insurance claims must be recorded in an insurance register and all outstanding insurance claims reported on a monthly basis to the Chief Financial Officer. It is the responsibility of the relevant head of department to ensure that all documents / information for the completion of the claim is forwarded to Council's insurance brokers and that copies thereof is forwarded to the Chief Financial Officer. The head of department should in writing request the replacement of the asset which can only be authorized, if sufficient provision for the replacement of the asset is on the capital budget, by the Municipal Manager after consultation with the Chief Financial Officer. If sufficient provision is not on the capital budget the asset can only be replaced if provision for the replacement is made on an Adjustments budget. In the case where an asset must be replaced as an emergency measure, the Accounting Officer may authorise such expenditure, subject to compliance with Section 29 of the MFMA.

Third-party (insurance) pay-outs must be treated as revenue when the amount is certain and may not be offset against the cost of replacing the item. The carrying value of items lost, stolen or damaged beyond repair must be treated as impairment against the relevant department or vote. The full cost of the replacement item must then be capitalised.

If the Municipality operates a self-insurance reserve, the Chief Financial Officer shall annually determine the premiums payable by the departments or votes after having received a list of the assets and insurable values of all relevant assets from the heads of departments concerned.

The municipal manager shall recommend to the Council of the Municipality, after consulting with the Chief Financial Officer, the basis of the insurance to be applied to each type of asset: either the carrying value or the replacement value of the assets concerned. Such recommendation shall take due cognizance of the budgetary resources of the Municipality.

The Chief Financial Officer shall annually submit a report to the Council of the Municipality on any reinsurance cover which it is deemed necessary to procure for the Municipality's self-insurance reserve.



## **29. SHORT TITLE**

This policy shall be called the Asset Management Policy of the **Ga-Segonyana Municipality**.

## APPENDIX A

### SCHEDULE OF EXPECTED USEFUL LIVES OF ASSETS

	<u>ASSET LIFE</u>		<u>ASSET LIFE</u>
<b>INFRASTRUCTRE ASSETS</b>			
<b>ELECTRICITY:</b>		<b>GAS:</b>	
Power stations	30	Meters	20
Cooling towers	30	Main supply	20
Transformer kiosks	30	Storage tanks	20
Meters	10-20	Supply and reticulation networks	20
Load control equipment	20	<b>SEWERAGE:</b>	
Switchgear	20	Sewer mains	20
Supply and reticulation networks	20-60	Outflow sewers	5-50
Main supply	20	Sewerage purification works	15-60
<b>ROADS:</b>		Sewerage pumps	15-60
Motorways and road structures	10-50	Sludge machines	15
Other roads	10	<b>PEDESTRAIN MALLS:</b>	
Traffic islands	10	Footways	20
Traffic lights	15-20	Kerbing	20-30
Street lights	10-25	Paving	20-30
Bridges	30-80	<b>AIRPORTS:</b>	
Stormwater drains	20-60		20-60
Bridges, subways, kerbing and culverts	30-50	Taxiways	20
Car parks	20	Runways	20
Bus terminals	20	Aprons	20
Parking bays	10-15	Airport and radio beacons	20
<b>WATER</b>		<b>SECURITY</b>	
Meters	15	Fencing	3
Mains	20	Security systems	5
Rights	20	Access control systems	5
Supply and reticulation networks	20-60		
Boreholes	15-60		
Reservoirs and storage tanks	15-50		
<b>COMMUNITY ASSETS</b>		<b>COMMUNITY ASSETS</b>	
<b>RECREATIONAL FACILITIES</b>		<b>BUILDINGS</b>	
Bowling greens	20	Ambulance stations	100
Tennis courts	20	Aquariums	100
Swimming pools	20-30	Beach developments	100
Golf courses	20	Care centres	100
Jukskei pitches	20	Cemeteries	100
Outdoor sport facilities	20-30	Civic theatres and community centres	100
Organ	20	Clinics and hospitals	100
Lakes and dams	20	Game reserves and rest camps	100
Fountains	20	Stadiums and indoor sports	100
Flood lights	20	Museums and galleries	100
		Parks and public conveniences	100
		Recreational centres and zoo	100

### SCHEDULE OF EXPECTED USEFUL LIVES OF ASSETS

#### OTHER ASSETS

#### BUILDINGS

#### OTHER ASSETS

#### EMERGENCY EQUIPMENT

Abattoirs	100	Other fire fighting equipment	15
Asphalt plant	100	Ambulances	5-10
Cable stations	100	Fire hoses	5
Caravan Parks	100	Emergency lights	5
Bioscope	100		
Compacting stations	100	<b>MOTOR VEHICLES</b>	
Hostels for public / tourists	100	Fire engines	20
Hostels for employees	100	Buses	15
Housing schemes	100	Motor vehicles	5-7
Kilns	100	Motorcycles	3
Laboratories	100	Trucks and light delivery vehicles	5-15
Perimeter protection	20		
Storage containers	20-30		
Markets	100		
Nurseries	100	<b>AIRCRAFT</b>	15
Office buildings	60-100		
Old age homes	100	<b>WATERCRAFT</b>	15
Quarries	100		
Tip sites	100	<b>PLANT AND EQUIPMENT</b>	
Training centres	100	Graders	10-15
Transport facilities	100	Tractors	10-15
Workshops and depots	100	Mechanical horses	10-15
		Farm equipment	5
<b>OFFICE EQUIPMENT</b>		Lawn mowers	2
Computer hardware	3-10	Compressors	5
Computer software	3-10	Laboratory equipment	5
Office machines	3-10	Radio equipment	5
Air conditioners	3-10	Firearms	5
		Telecommunication equipment	5
<b>FURNITURE AND FITTINGS</b>		General	5
Chairs	3-15	Cable cars	15
Tables and desks	3-15	Irrigation systems	15
Cabinets and cupboards	3-15	Cremators	15
Sundry	3-15	Lathes	15
		Machining equipment	15
<b>BINS AND CONTAINERS</b>		Conveyors	15
Household refuse bins	5	Feeders	15
Bulk refuse containers	10-20	Tippers	15
		Pulverising mills	15

# APPENDIX H



# **GA- SEGONYANA LOCAL MUNICIPALITY**

## **SCM POLICY**

## **SUPPLY CHAIN MANAGEMENT**

### **POLICY**

**Policy for adoption by municipalities in terms of section 111 of the Municipal Finance Management Act, No 56 of 2003, and the Municipal Supply Chain Management Regulations.**

#### **Instructions:**

Review this policy to ensure it meets the needs and requirements of the municipality amend where required.

2. Insert the name of municipality and other variable information where required throughout the policy.
3. The accounting officer is responsible for implementing the policy and must ensure it is promptly prepared and submitted to council (regulation 3).
4. If the accounting officer submits a draft policy to the council that differs from this policy, the accounting officer must ensure that such draft policy complies with the regulations. The accounting officer must report any deviation from this policy to the National Treasury and the relevant provincial treasury (regulation 3).
5. The accounting officer must at least annually review the policy and where necessary submit proposals for amendment to the council.



MUNICIPAL SUPPLY CHAIN MANAGEMENT POLICY  
LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003 Date of adoption:  
*September 2007 council meeting*

Council resolves in terms of section 111 of the Local Government Municipal Finance Management Act (No. 56 of 2003), to adopt the following proposal as the Supply Chain Management Policy of the municipality.

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### **Definitions**

In this Policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the Act has the same meaning as in the Act, and –

**“Accounting officer”** means the Accounting Officer referred to in section 60 of the Municipal Finance Management Act, No. 56 of 2003, in relation to a municipal entity, means the official referred to in section 93, and includes a person acting as the accounting officer.

**“Accredited Agent”** means a provider who is authorized to deliver certain goods / services and can be trading in a specific area, however, an accredited agent is not a sole provider.

**“accredited”** means goods / services that are officially recognized, are generally accepted or having a guaranteed quality;

**“B-BBEE”** means broad-based black economic empowerment as defined in section 1 of the Broad-Based Economic Empowerment Act;

**“black designated groups”** has the meaning assigned to it in the codes of good practice issued in terms of section 9(1) of the Broad-Black Economic Empowerment Act;

**“black people”** is as generic term which means Africans, Coloureds and Indians as defined in the Broad-Based Black Empowerment Act (No. 53 of 2003);

**“Broad-Based Black Economic Empowerment Act”** means the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003);

**“CSD”** means the national central supplier database for Government.

**“co-operative”** means a co-operative registered in terms of section 7 of the Co-operatives Act, 2005 (Act No. 14 of 20016);

**“competitive bid”** means a bid in terms of a competitive bidding process;

**“competitive bidding process”** means a competitive bidding process referred to in paragraph 12 (1) (d) of this Policy;

**“emergency procurement”** emergency cases are cases where immediate action is necessary in order to avoid dangerous or risky situation (life threatening) or disaster.

**“exceptional / urgent cases”** exceptional cases are cases where early delivery is of critical importance and the invitation of competitive bids is either impossible or impractical. However a lack of proper planning should not be constituted as an urgent case subject to the approval of the Accounting Officer. The nature of the urgency and the details of the justifiable procurement must be recorded and the AO to approve.

**“EME”** means an exempted micro enterprise in terms of a code of good practice on black economic empowerment issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act;

**“final award”**, in relation to bids or quotations submitted for a contract, means the final decision on which bid or quote to accept;

**“formal written price quotation”** means quotations referred to in paragraph 12 (1) (c) of this Policy;

**“Fruitless and wasteful expenditure”**- is defined in section 1 of the MFMA as follows: expenditure made in vain and would have been avoided had reasonable care been exercised;

**“Functionality”** means the ability of the tendered to provide goods or services in accordance with specifications as set out in the tender documents;

**“in the service of the state”** means to be -

- (a) a member of -
  - (i) any municipal council;
  - (ii) any provincial legislature; or
  - (iii) the National Assembly or the National Council of Provinces;
- (b) a member of the board of directors of any municipal entity;
- (c) an official of any municipality or municipal entity;
- (d) an employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1999 (Act No of 1999);
- (e) a member of the accounting authority of any national or provincial public entity; or an employee of Parliament or a provincial legislature;

**"Irregular expenditure"** - means-

[a] expenditure incurred by a municipality or municipal entity in contravention of, that is not in accordance with, a requirement of the MFMA, or that is not in accordance with, a requirement of the MFMA, and which has not been condoned in terms of section 170;

[b] expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;

[c] expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (ACT No. 20 of 1998); or

[d] expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with a requirement of the supply chain management policy of the municipality or entity or any of the municipality's by-laws giving effect to such policy; and which has not been condoned in terms of such policy or by-law, but excludes expenditure by a municipality which falls within the definition of "unauthorised expenditure."

In this context "expenditure" refers to any use of municipal funds that is in contravention of the following legislation:

(ii) Municipal Finance Management Act, Act 56 of 2003, and its regulations

(iii) Municipal Systems Act, Act 32 of 2000, and its regulations

(iv) Public Office-Bearers Act, Act 20 of 1998, and its regulations; and

(v) The municipality's supply chain management policy, and any by-laws giving effect to that policy.

**"long term contract"** means a contract with a duration period exceeding one year;

**"list of accredited prospective providers"** means the list of accredited prospective providers which the municipality must keep in terms of paragraph 14 of this policy;

**"military veteran"** has the meaning assigned to it in section 1 of the Military Veterans Act, 2011 (Act No. 18 of 2011);

**"Municipality"** means the Ga-Segonyana Local municipality

**"Municipal entity"** has the meaning assigned to it by Section 1 of the Municipal systems Act, 2000.

**"people with disabilities"** has the meaning assigned to it in section 1 of the Employment Equity Act, 1998 (Act No. 1 of 1998);

**"price"** includes all applicable taxes less all unconditional discounts;

**"proof of B-BBEE status level of contributor"** means-

a) the B-BBEE status level certificate issued by an authorised body or person;

b) the sworn affidavit as prescribed by the B-BBEE code of Good Practice; or

c) any other requirement prescribed in terms of the Broad-Based Black Economic Empowerment Act;

**"QSE"** means a qualifying small business enterprise in terms of a code of good practice on black economic empowerment issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act;

**"Rand value"** means the total estimated value of a contract in Rand, calculated at the time of the tender invitation;

**"rural area"** means-

a) a sparsely populated area in which people farm or depend on natural resources, including villages and small towns that are dispersed through the area; or

- b) an area including a larger settlement grants for survival, and may have traditional land tenure system;

**"other applicable legislation"** means any other legislation applicable to municipal supply chain management, including -

- a) the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000);
- b) the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003); and
- c) the Construction Industry Development Board Act, 2000 (Act No. 38 of 2000);

**"senior manager"** means a director appointed in terms of section 56 of the Municipal Systems Act, 2000 or an acting director appointed by the Accounting Officer.

**"sole provider"** means a provider of specialized or exclusive goods/services who has a sole distribution / patent /manufacturing rights and copy rights.

**"stipulated minimum threshold"** means the minimum threshold stipulated in terms of regulation 8(1)(b);

**"the Act"** means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);

**"the regulations"** means the Local Government: Municipal Finance Management Act, 2003, Municipal Supply Chain Management Regulations published by Government Notice 868 of 2005;

**"township"** means an urban living area that any time from late 19<sup>th</sup> century until 27 April 1994, was reserved for black people, including areas developed for historically disadvantaged individuals post 27 April 1994;

**"Transversal contract"** means a contract arranged for more than one department/municipality or for more than one level of government e.g. National and Provincial Government.

**"Treasury guidelines"** means any guidelines on supply chain management issued by the Minister in terms of section 168 of the Act;

**"Unauthorised expenditure"** means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11 (3) MFMA and includes-

- a) overspending of the total amount appropriated in the municipality's approved budget;
- b) overspending of the total amount appropriated for a vote in the approved budget;
- c) expenditure from a vote unrelated to the department or functional area covered by the vote;
- d) expenditure of money appropriated for a specific purpose ,otherwise than for that specific purpose;
- e) spending of an allocation referred to in paragraph (b),(c) or (d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or
- f) a grant by the municipality otherwise than in accordance with the MFMA.

**"Unforeseen and unavoidable expenditure"** is discussed in section 29 of the MFMA and reads as follows:

1. The mayor of a municipality may in emergency or other exceptional circumstances authorise unforeseen and unavoidable expenditure for which no provision was made in an approved budget.
2. Any such expenditure-
  - a) must be in accordance with any framework that may be prescribed;
  - b) may not exceed a prescribed percentage of the approved annual budget;
  - c) must be reported by the mayor to the municipal council at its next meeting; and

- d) must be appropriated in an adjustments budget.
- 3. If such adjustments budget is not passed within 60 days after the expenditure was incurred, the expenditure is unauthorised and section 32 applies;

**"written or verbal quotations"** means quotations referred to in paragraph 12(1)(b) of this Policy;

**"youth"** has the meaning assigned to it in section 1 of the National Youth Development Agency Act, 2008 (Act No. 54 of 2008).



## CHAPTER 1

### IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

#### 2. Supply chain management policy

- (1) All officials and other role players in the supply chain management system of the municipality must implement this Policy in a way that
  - (a) gives effect to -
    - i. section 217 of the Constitution; and
    - ii. Part 1 of Chapter 11 and other applicable provisions of the Act;
  - (b) is fair, equitable, transparent, competitive and cost effective;
  - (c) complies with -
    - i. the Regulations; and
    - ii. any minimum norms and standards that may be prescribed in terms of section 168 of the Act;
  - (d) is consistent with other applicable legislation;
    - i. Broad Based Black Economic Empowerment Act (B-BBEE Act);
    - ii. Corruption Act, 1998 – anti-corruption measures and practices;
    - iii. Competition Law and Regulations;
    - iv. Promotion of Administrative Justice Act, 2000;
    - v. National Archives of South Africa Act, 1996;
    - vi. National Small Business Act;
    - vii. Construction Industry Development Board Act, 38 of 2000.
  - (e) does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and
  - (f) is consistent with national economic policy concerning the promotion of investments and doing business with the public sector.
- (2) The municipal entity must, in addition to complying with subparagraph (1), apply this Policy, to the extent determined by the parent municipality, in a way that and that is consistent with the supply chain management policy of the municipality.
- (3) This Policy applies when the municipality-
  - a. procures goods or services;
  - b. disposes goods no longer needed;
  - c. selects contractors to provide assistance in the provision of municipal services otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies; or
  - d. selects external mechanisms referred to in section 80 (1) (b) of the Municipal Systems Act for the provision of municipal services in circumstances contemplated in section 83 of that Act.
- (4) This Policy, except where provided otherwise, does not apply in respect of the procurement of goods and services contemplated in section 110(2) of the Act, including
  - a) water or other services from the Department of Water Affairs or a public entity, another municipality or a municipal entity; and
  - b) electricity from Eskom or another public entity, another municipality or a municipal entity.

- c) water services provided by a water service provide such as water boards or other state owned entity appointment by municipality.

### **3. Amendment of the supply chain management policy**

- (1) The accounting officer must -
  - a) at least annually review the implementation of this Policy; and
  - b) when the accounting officer considers it necessary, submit proposals for the amendment of this Policy to the council .
- (2) If the accounting officer submits proposed amendments to the council that differs from the model policy issued by the National Treasury, the accounting officer must –
  - a) ensure that such proposed amendments comply with the Regulations; and
  - b) report any deviation from the model policy to the National Treasury and the relevant provincial treasury.
- (3) When amending this supply chain management policy the need for uniformity in supply chain practices, procedures and forms between organs of state in all spheres, particularly to promote accessibility of supply chain management systems for small businesses must be taken into account.

### **4. Delegation of supply chain management powers and duties**

- (1) The council hereby delegates all powers and duties to the accounting officer which are necessary to enable the accounting officer-
  - a) to discharge the supply chain management responsibilities conferred on accounting officers in terms of -
    - i. Chapter 8 or 10 of the Act; and
    - ii. this Policy;
  - b) to maximise administrative and operational efficiency in the implementation of this Policy;
  - c) to enforce reasonable cost effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of this Policy; and
  - d) to comply with his or her responsibilities in terms of section 115 and other applicable provisions of the Act.
- (2) Sections 79 and 106 of the Act apply to the sub delegation of powers and duties delegated to an accounting officer in terms of subparagraph (1).
- (3) The accounting officer may not sub delegate any supply chain management powers or duties to a person who is not an official of the municipality or to a committee which is not exclusively composed of officials of the municipality.
- (4) This paragraph may not be read as permitting an official to whom the power to make final awards has been delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy.

## 5. Sub delegations

- (1) The accounting officer may in terms of section 79 or 106 of the Act sub delegate any supply chain management powers and duties, including those delegated to the accounting officer in terms of this Policy, but any such sub delegation must be consistent with subparagraph (2) of this paragraph and paragraph 4 of this Policy.
- (2) The power to make a final award -
- a) above R 10 million (VAT included) may not be sub delegated by the accounting officer;
  - b) above R2 million (VAT included), but not exceeding R10 million (VAT included), may be sub delegated but only to -
    - i. the Director Financial Services;a bid adjudication committee comprises of:
    - i. Director Financial Services;
    - ii. Director Technical and Infrastructure Services
    - iii. Director Community Services
    - iv. Director Corporate Services
  - (c) not exceeding R2 million (VAT included) may be sub delegated but only to -
    - i. the Director Financial Services;
    - ii. a Director -directly accountable to the Director Financial Services or a bid adjudication committee comprises of:
      - i. Director Financial Services;
      - ii. Director Technical and Infrastructure Services
      - iii. Director Community Services
      - iv. Director Corporate Services
- (3) An official or bid adjudication committee to which the power to make final awards has been sub delegated in accordance with subparagraph (2) must within five days of the end of each month submit to the official referred to in subparagraph (4) a written report containing particulars of each final award made by such official or committee during that month, including-
- a. the amount of the award;
  - b. the name of the person to whom the award was made; and
  - c. the reason why the award was made to that person.
- (4) A written report referred to in subparagraph (3) must be submitted
- a) to the accounting officer, in the case of an award by -
    - i. the Director Financial Services ;
    - ii. a Director ; or
    - iii. a bid adjudication committee of which the Director Financial Services or a director is a member; or
  - b) to the chief financial officer or the senior manager responsible for the relevant bid; in the case of an award by-
    - i. a manager referred to in subparagraph (2)(c)(iii); or
    - ii. a bid adjudication committee of which the Director Financial Services or a director is not a member.

(5) Subparagraphs (3) and (4) of this policy do not apply to procurements out of petty cash.

(6) This paragraph may not be interpreted as permitting an official to whom the power to make final awards has been sub delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy.

(7) No supply chain management decision-making powers may be delegated to an advisor or consultant.

## **6. Oversight role of council**

(1) The council reserves its right to maintain oversight over the implementation of this Policy.

(2) For the purposes of such oversight the accounting officer must -

- i. within 30 days of the end of each financial year, submit a report on the implementation of this Policy and the supply chain management policy to the council of the municipality.
- ii. whenever there are serious and material problems in the implementation of this Policy, immediately submit a report to the council, who must then submit the report to the accounting officer of the municipality for submission to the council

(3) The accounting officer must, within 10 days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the mayor.

(4) The reports must be made public in accordance with section 21A of the Municipal Systems Act.

## **7. Supply chain management unit**

(1) A supply chain management unit is hereby established to implement this Policy.

(2) The supply chain management unit operates under the direct supervision of the chief financial officer or an official to whom this duty has been delegated in terms of section 82 of the Act.

## **8. Training of supply chain management officials**

The training of officials involved in implementing this Policy should be in accordance with any Treasury guidelines on supply chain management training.

# **CHAPTER 2**

## **SUPPLY CHAIN MANAGEMENT SYSTEM**

## **9. Format of supply chain management systems**

This Policy provides systems for -

- (ii) demand management;
- (iii) acquisition management;
- (iv) logistics management;
- (v) disposal management;
- (vi) risk management; and
- (vii) performance management.
- (viii) asset management

## **Part 1: Demand management**

### **10. System of demand management**

- (1) The accounting officer must establish and implement an appropriate demand management system in order to ensure that the resources required by the municipality support its operational commitments and its strategic goals outlined in the Integrated Development Plan
- (2) The demand management system must –
  - (a) include timely planning and management processes to ensure that all goods and services required by the municipality are quantified, budgeted for and timely and effectively delivered at the right locations and at the critical delivery dates, and are of the appropriate quality and quantity at a fair cost;
  - (b) take into account any benefits of economies of scale that may be derived in the case of acquisitions of a repetitive nature; and
  - (c) provide for the compilation of the required specifications to ensure that its needs are met.
  - (d) to undertake appropriate industry analysis and research to ensure that innovations and technological benefits are maximized.
  - e) the municipality must compile a procurement plan containing all planned procurement for the financial year in respect of the procurement of goods, services and infrastructure projects which exceed R 200 000 (all applicable taxes included) per case as described in the Supply Chain Management Guide for Accounting Officers. The procurement plan must be finalized on the **1 July every year**. The relevant information should preferably be furnished in the format contained in the Procurement Plan Template enclosed as Annexure A. Also refer to National Treasury MFMA Circular 62.

## **Part 2: Acquisition management**

### **11. System of acquisition management**

(1) The accounting officer must implement the system of acquisition management set out in this Part in order to ensure -

- (a) that goods and services are procured by the municipality in accordance with authorised processes only;
- (b) that expenditure on goods and services is incurred in terms of an approved budget in terms of section 15 of the Act;
- (c) that the threshold values for the different procurement processes are complied with;
- (d) that bid documentation, evaluation and adjudication criteria, and general conditions of a contract, are as per National and Provincial prescripts (SCM Practice note 2, Explanatory notes: Revised quotation / bid forms)

(e) that the preference point system is applied in accordance with the Revised Preferential Procurement Policy Regulations of **20 January 2017**,  
**(Implementation Guide- Preferential Procurement Regulations, 2017 Pertaining To The Preferential Procurement Policy Framework Act, Act No. 5 Of 2000)**

(f) that any Treasury guidelines on acquisition management are properly taken into account.

(g) that verification of bids in excess of R10 million is adhered to,  
Prior to advertisement:  
Verification by the Director Financial Services  
The senior manager responsible for a vote must submit to the Director Financial Services:

- i. proof that budgetary provision exists for the procurement of the goods/services and / or infrastructure projects;
- ii. any ancillary budgetary implications related to the bid;
- iii. any multi -year budgetary implications;

Prior to the award of a bid

Contracts above the value of R 10 million (all applicable taxes included)

may only be awarded to the preferred bidder after the Director Financial Services has verified in writing that budgetary provision exists for the acquisition of the goods, infrastructure projects and /or services and that it is consistent with the Integrated Development Plan.

(h) that publication of awards in respect of advertised competitive bids (above the threshold value of R 200 000) is adhered to

The following information on the successful bids must be placed on the municipal website:

- i. Contract number and description of goods, services or infrastructure projects
- ii. Names of the successful bidders and the B-BBEE level of contribution claimed;



iii. Brand names and dates for completion of contracts.

- (2) Tenders to be evaluated on functionality
- i. Clear indication must be given in bid documents if bids will be evaluated on functionality.
  - ii. Evaluation criteria must be objective.
  - iii. The bid document must specify the evaluation criteria for measuring functionality.
  - iv. The weight of each criterion, applicable values and the minimum qualifying score (for each bid on its own merit) must be indicated in the bid documents.
  - v. Minimum qualifying score for each tender may not be so low that it may jeopardise the quality of the of the required goods and or services and it may not be so high that it is unreasonably restrictive.
  - vi. A tender that fails to obtain the minimum qualifying score for functionality as indicated in the tender document is not acceptable tender.
  - vii. Points scored for for functionality must be rounded off to the nearest two decimal places.
  - viii. Bidders achieving the minimum qualifying score must be evaluated further in terms of points for price and the preference points system.
- (3) Pre –evaluation
- i. After closure of the bid pre-evaluation is done to ensure all bidders comply with the prescribed minimum norms and standards, no technical evaluation is done at this point.
  - ii. Bidders are then invited to prepare for a functionality presentation in line with the criteria set out in the bid document on a specific date and provided with a time slot.
- (4) Appointment of a functionality committee
- i. The functionality committee is an ad-hoc committee appointed per bid.
  - ii. It should consist out of a cross functional team
  - iii. To be included as well:
    - A SCM Practitioner;
    - The end-user;
    - Technical experts;
    - Members of the Bid Evaluation- and Adjudication committees;
    - Director Financial Services or a person with knowledge of the available budget from the Director Financial Services' office;
    - Any other official deemed to be relevant;
    - Provincial SCM official.
    - Each member will complete a score sheet per bidder.
    - The totals to be calculated by SCM, a average calculated and only the bidders who scored the minimum qualifying score will be evaluated further.
    - Prior to the functionality committee meeting the end-user and the technical experts can sit with all the appointed committee members and peruse each bidder's proposal and draw-up a list of questions for clarification. Each member can add his / her own questions and during the presentations clarify or verify the information presented with relevant questions.
    - Functionality evaluation forms part of the formal evaluation processes and is open for legal scrutiny and challenges - therefore it is a formal once off process with

proper procedures and score sheets to be completed per committee member for each bidder, duly signed off by the relevant committee member.

- Score sheets form part of a bid and year-end audit by the Auditor –General.
- Not following proper processes may lead to expenditure been classified as irregular by the Auditor-General's office.

**NOTE:** There cannot be two (2) technical evaluation processes, only one done by a duly appointed functionality committee.

(2) When procuring goods or services contemplated in section 110(2) of the Act, the accounting officer must make public the fact that such goods or services are procured otherwise than through the municipality's chain management system, including -

- a. the kind of goods or services; and
- b. the name of the supplier.

## **12. Range of procurement processes**

- (1) Goods and services may only be procured by way of-
  - a) petty cash purchases, up to a transaction value of R2 000 (VAT included);
  - b) written or verbal quotations for procurements of a transaction value over R2 000 up to R10 000 (VAT included);
  - c) formal written price quotations for procurements of a transaction value over R10 000 up to R200 000 (VAT included); and
  - d) a competitive bidding process for-
    - i. procurements above a transaction value of R200 000 (VAT included); and
    - ii. the procurement of long term contracts.
- (2) The accounting officer may, in writing-
  - a) lower, but not increase, the different threshold values specified in subparagraph (1); or
  - b) direct that-
    - (ii) written or verbal quotations be obtained for any specific procurement of a transaction value lower than R2 000 (all taxes included);
    - (iii) formal written price quotations be obtained for any specific procurement of a transaction value lower than R 10 000(all taxes included); or
    - (iv) a competitive bidding process be followed for any specific procurement of a transaction value lower than R200 000 (all taxes included).
- (3) Goods or services may not deliberately be split into parts or items of a lesser value merely to avoid complying with the requirements of the policy. When determining transaction values, a requirement for goods or services consisting of different parts or items must as far as possible be treated and dealt with as a single transaction.

## **13. General preconditions for consideration of written quotations or bids**

A written quotation or bid may not be considered unless the provider who submitted the quotation or bid -

- (a) has furnished that provider's –
- (i) full name;
  - (ii) identification number or company or other registration number; and
  - (iii) tax reference number and VAT registration number, if any;
  - (iv) Valid tax clearance certificate from the South African Revenue Services;
  - (v) check in respect of the recommended bidder whether municipal rates and taxes and municipal service charges are not in arrears for more than three [3] months; Bids/ quotations should only be awarded to suppliers who are not in arrears with their municipal rates and taxes. If the suppliers are not resident in this municipality, but offer their services from any other municipality, the same applies. It should be established if they are not in arrears in their own municipality.
  - (vi) requirements for construction and engineering related bids should be awarded according to CIDB regulations;
  - (vii) The CIDB Act requires that all projects need to be registered with the CIDB;
  - (viii) Before an award is done to a contractor, the contractor's CIDB grading must be confirmed with the CIDB website
  - (ix) The CIDB grading designation is as follows:

Grading designation	Less than or equal to
1	R 200 000
2	R 650 000
3	R 2 000 000
4	R 4 000 000
5	R 6 500 000
6	R 13 000 000
7	R 40 000 000
8	R 130 000 000
9	No Limit

- (b) has authorised the municipality to obtain a tax clearance from the South African Revenue Services that the provider's tax matters are in order; and
- (c) has indicated –
- i. whether he or she is in the service of the state, or has been in the service of the state in the previous twelve months;
  - ii. if the provider is not a natural person, whether any of its directors, managers, principal shareholders or- stakeholder is in the service of the state, or has- been in the service of the state in the previous twelve months; or
  - iii. whether a spouse, child or parent of the provider or of a director, manager, shareholder or stakeholder referred to in subparagraph (ii) is in the service of the state, or has been in the service of the state in the previous twelve months.

#### 14. Lists of accredited prospective providers

- (1) The accounting officer must-
  - a) keep a list of accredited prospective providers of goods and services that must be used for the procurement requirements through written or verbal quotations and formal written price quotations; and
  - b) at least once a year through newspapers commonly circulating locally, the website and any other appropriate ways, invite prospective providers of goods or services to apply for evaluation and listing as accredited prospective providers;
  - c) specify the listing criteria for accredited prospective providers; and
  - d) disallow the listing of any prospective provider whose name appears on the National Treasury's database as a person prohibited from doing business with the public sector.
- (2) The list must be updated at least quarterly to include any additional prospective providers and any new commodities or types of services. Prospective providers must be allowed to submit applications for listing at any time.
- (3) The list must be compiled per commodity and per type of service.
- (4) Utilization of web based national central supplier database, the CSD will therefore be fully effective from 1<sup>st</sup> July 2016

The transitional period for local government is from 1 April 2016 to 30 June 2016. The CSD will therefore be fully effective for municipalities and municipal entities from 1 July 2016.

#### **15. Petty cash purchases**

The conditions for the procurement of goods by means of petty cash purchases referred to in paragraph 12 (1) (a) of this Policy, are as follows –

- a) council determine the terms on which a manager may delegate responsibility for petty cash to an official reporting to the manager;
- b) council determine the maximum number of petty cash purchases or the maximum amounts per month for each manager;
- c) council determine any types of expenditure from petty cash purchases that are excluded, where this is considered necessary; and
- d) a monthly reconciliation report from each manager must be provided to the chief financial officer, including –
  - i. the total amount of petty cash purchases for that month; and
  - ii. receipts and appropriate documents for each purchase.

#### **16. Written or verbal quotations**

The conditions for the procurement of goods or services through written or verbal quotations are as follows:

- a) Quotations must be obtained from at least three different providers preferably from, but not limited to, providers whose names appear on the list of accredited prospective providers of the municipality, provided that if quotations are obtained from providers who are not listed, such providers must meet the listing criteria set out in paragraph 14(1)(b) and (c) of this Policy;
- b) where no suitable accredited service providers are available from the list, quotations may be obtained from other possible providers not on the list, provided that such service providers meet the listing criteria set out in paragraph 14(1)(b) and (c) of this policy.
- c) quotations must be approved on a rotation basis.
- d) to the extent feasible, providers must be requested to submit such quotations in writing
- e) if it is not possible to obtain at least three quotations, the reasons must be recorded and reported quarterly to the accounting officer or another official designated by the accounting officer;
- f) the accounting officer must record the names of the potential providers requested to provide such quotations with their quoted prices; and
- g) if a quotation was submitted verbally, the order may be placed only against written confirmation by the selected provider:
- h) The municipality will investigate and utilize various other options to advertise bids/quotations viz. community boards, the library, public buildings, police station, etc. This is to ensure that the municipality tried to obtain at least three quotations.
- i) In cases where there are only a few suppliers for certain goods and, vehicle repairs, the municipality will then use these suppliers on a rotation basis, in order to give everybody a chance. This practice will only be utilized in exceptional cases. As soon as more suppliers become available, such goods / services will be provided via the database.

#### **17. Formal written price quotations -**

The conditions for the procurement of goods or services through formal written price quotations, are as follows:

- a) quotations must be obtained in writing from at least three different providers whose names appear on the list of accredited prospective providers of the municipality;
- b) quotations may be obtained from providers who are not listed, provided that such providers meet the listing criteria set out in paragraph 14(1)(b) and (c) of this Policy;
- c) if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the chief financial officer or an official designated by the chief financial officer, and



- d) the accounting officer must record the names of the potential providers and their written quotations.

(2) A designated official referred to in subparagraph (1) (c) must within three days of the end of each month report to the chief financial officer on any approvals given during that month by that official in terms of that subparagraph.

#### **18. Procedures for procuring goods or services through written or verbal quotations and formal written price quotations**

The procedure for the procurement of goods or services through written or verbal quotations or formal written price quotations, is as follows:

- a) when using the list of accredited prospective providers the accounting officer must promote ongoing competition amongst providers by inviting providers to submit quotations on a rotation basis;
- b) all requirements in excess of R30 000 (VAT included) that are to be procured by means of formal written price quotations must, in addition to the requirements of paragraph 17, be advertised for at least seven days on the website and an official notice board of the municipality ;  
The revised PPPFA prescripts are applicable, e.g. Point system and Status level verification certificates (score cards) must be applied in the adjudication process. Please refer to paragraph (19) for more detail.
- c) offers received must be evaluated on a comparative basis taking into account unconditional discounts;
- d) the accounting officer or chief financial officer must on a monthly basis be notified in writing of all written or verbal quotations and formal written price quotations accepted by an official acting in terms of a sub delegation;
- e) offers below R30 000 (VAT included) must be awarded based on compliance to specifications and conditions of contract, ability and capability to deliver the goods and services and lowest price;
- f) acceptable offers, which are subject to the preference points system (PPPFA and associated regulations), must be awarded to the bidder who's offer is according to specifications, has the ability to deliver and is compliant with all the other requirements and scored the highest points.
- g) minimum requirements for proper record keeping must be complied with.

#### **19. Competitive bids**

- a) Goods or services above a transaction value of R200 000 (VAT included) and long term contracts may only be procured through a competitive bidding process, subject to paragraph 11 (2) of this Policy.



- b) No requirement for goods or services above an estimated transaction value of R200 000 (VAT included), may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process.

80/20 preference point system for acquisition of goods or services for Rand value equal to or above R30 000 and up to R50 million

The following formula must be used to calculate the points out of 80 for price in respect of a tender with a Rand value equal to or above R30 000 and up to a Rand value of R50 million, inclusive of all applicable taxes:

**80/20**

$$P_s = 80 \left( 1 - \frac{P_t - P_{\min}}{P_{\min}} \right)$$

Where

- $P_s$  = Points scored for price of bid under consideration  
 $P_t$  = Rand value of bid under consideration  
 $P_{\min}$  = Rand value of lowest acceptable bid

B-BBEE Status Level of Contributor	Number of points
1	20
2	18
<b>3</b>	<b>14</b>
4	12
5	8
6	6
7	4
8	2
Non compliant Contributor	0

90/10 preference point system for acquisition of goods or services for Rand value equal to or above R50 million

The following formula must be used to calculate the points out of 90 for price in respect of a tender with a Rand value equal to or above a Rand value of R50 million, inclusive of all applicable taxes:

**90/10**

$$P_s = 90 \left( 1 - \frac{P_t - P_{\min}}{P_{\min}} \right)$$

Where

- Ps = Points scored for price of bid under consideration  
 Pt = Rand value of bid under consideration  
 Pmin = Rand value of lowest acceptable bid

B-BBEE Status Level of Contributor	Number of points
1	10
2	9
3	6
4	5
5	4
6	3
7	2
8	1
Non compliant Contributor	0

- i. The points scored for price must be added to the points scored for B-BBEE status level of contribution to obtain the bidder's total points scored out of 100.
- ii. A bid must not be disqualified from the bidding process if the bidder does not submit a certificate substantiating the B-BBEE status level of contribution or is a non-compliant contributor. Such a bidder will score 0 out of a maximum of 10 or 20 points for B-BBEE status.

## 20. Process for competitive bidding

The procedures for the following stages of a competitive bidding process are as follows:

- a) Compilation of bidding documentation as detailed in paragraph 21;
- b) Public invitation of bids as detailed in paragraph 22;
- c) Site meetings or briefing sessions as detailed in paragraph 22;
- d) Handling of bids submitted in response to public invitation as detailed in paragraph 23;
- e) Evaluation of bids as detailed in paragraph 28;
- f) Award of contracts as detailed in paragraph 29;
- g) Administration of contracts
- h) After approval of a bid, the accounting officer and the bidder must enter into a written agreement.
- i) Proper recording keeping.

## 21. Bid documentation for competitive bids

The criteria to which bid documentation for a competitive bidding process must comply, must-

- a) take into account –
  - i. the general conditions of contract and any special conditions of contract, if specified;
  - ii. any Treasury guidelines on bid documentation; and

- iii. the requirements of the Construction Industry Development Board, in the case of a bid relating to construction, upgrading or refurbishment of buildings or infrastructure;
- b) include the preference points system to be used , goals as contemplated in the Preferential Procurement Regulations and evaluation and adjudication criteria, including any criteria required by other applicable legislation;
- c) compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted;
- d) if the value of the transaction is expected to exceed R 10 million (VAT included), require bidders to furnish-
  - i. if the bidder is required by law to prepare annual financial statements for auditing, their audited annual financial statements-
    - (aa). for the past three years; or
    - (bb). since their establishment if established during the past three years;
  - ii. a certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal services towards a municipality or other service provider in respect of which payment is overdue for more than 30 days;
  - iii. particulars of any contracts awarded to the bidder by an organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution. of such contract;
  - iv. a statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic, and, if so, what portion and whether any portion of payment from the municipality is expected to be transferred out of the Republic; and
- e) stipulate that disputes must be settled by means of mutual consultation, mediation (with or without legal representation), or, when unsuccessful, in a South African court of law.
- f) The Accounting Officer reserves the right to stipulate such a dispute to be settled utilizing a court of law preferably within the municipal boundaries or as close as possible to the municipal boundaries

## **22. Public invitation for competitive bids**

- (1) The procedure for the invitation of competitive bids, is as follows:
  - a) Any invitation to prospective providers to submit bids must be by means of a public advertisement in newspapers commonly circulating locally, the website of the municipality or any other appropriate ways (which may include an advertisement in the Government Tender Bulletin); and
  - b) the information contained in a public advertisement, must include-
    - i. the closure date for the submission of bids, which may not be less than 30 days in the case of transactions over R 10 million (VAT included), or which are of a long term nature, or 14 days in any other case, from the date on

- which the advertisement is placed in a newspaper, subject to subparagraph (2) of this policy;
    - ii. a statement that bids may only be submitted on the bid documentation provided by the municipality; and
    - iii. date, time and venue of any proposed site meetings or briefing sessions;
- (2) The accounting officer may determine a closure date for the submission of bids on the grounds of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official procurement process.
- (3) Bids submitted must be sealed.
- (4) Where bids are requested in electronic format, such bids must be supplemented by sealed hard copies.

### **23. Procedure for handling, opening and recording of bids**

The procedures for the handling, opening and recording of bids, are as follows:

- a) Bids-
  - i. must be opened only in public;
  - ii. must be opened at the same time and as soon as possible after the period for the submission of bids has expired; and
  - iii. received after the closing time should not be considered and returned unopened immediately.
- b) Any bidder or member of the public has the right to request that the names of the bidders who submitted bids in time must be read out and, if practical, also each bidder's total bidding price;
- c) No information, except the provisions in subparagraph (b), relating to the bid should be disclosed to bidders or other persons until the successful bidder is notified of the award; and
- d) The accounting officer must-
  - i. record in a register all bids received in time;
  - ii. make the register available for public inspection; and
  - iii. publish the entries in the register and the bid results on the website.

### **24. Negotiations with preferred bidder**

- (1) The accounting officer may negotiate the final terms of a contract with bidders identified through a competitive bidding process as preferred bidders, provided that such negotiation –
  - a) does not allow any preferred bidder a second or unfair opportunity;
  - b) is not to the detriment of any other bidder; and
  - c) does not lead to a higher price than the bid as submitted.
- (2) The accounting officer may –
  - i. negotiate a market-related price with the bidder scoring highest points or cancel the tender;

- ii. if the bidder does not agree to a market-related price, negotiate a market-related price with the bidder scoring the second highest points or cancel the tender;
- iii. if the bidder scoring the second highest points does not agree to a market-related price, negotiate a market-related price with the bidder scoring the third highest points or cancel the tender,
- iv. if a market-related price is not agreed as envisaged in the paragraph (2)(iii), the municipality must cancel the tender.

(2) Minutes of such negotiations must be kept for record purposes.

## **25. Two-stage bidding process**

- (1) A two-stage bidding process is allowed for –
  - a) large complex projects;
  - b) projects where it may be undesirable to prepare complete detailed technical specifications; or
  - c) long term projects with a duration period exceeding three years.
- (2) In the first stage technical proposals on conceptual design or performance specifications should be invited, subject to technical as well as commercial clarifications and adjustments.
- (3) In the second stage final technical proposals and priced bids should be invited.

## **26. Committee system for competitive bids**

- (1) A committee system for competitive bids is hereby established, consisting of the following committees for each procurement or cluster of procurements as the accounting officer may determine:
  - a) a bid specification committee;
  - b) a bid evaluation committee; and
  - c) a bid adjudication committee;
- (2) The accounting officer appoints the members of each committee, taking into account section 117 of the Act; and
- (3) A neutral or independent observer, appointed by the accounting officer, must attend or oversee a committee when this is appropriate for ensuring fairness and promoting transparency.
- (4) The committee system must be consistent with –
  - a) paragraph 27, 28 and 29 of this Policy; and
  - b) any other applicable legislation.
- (5) The accounting officer may apply the committee system to formal written price quotations.

## 27. Bid specification committees

(1) A bid specification committee must compile the specifications for each procurement of goods or services by the municipality

(2) Specifications -

- a) must be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services;
- b) must take account of any accepted standards such as those issued by Standards South Africa, the International Standards Organisation, or an authority accredited or recognised by the South African National Accreditation System with which the equipment or material or workmanship should comply;
- c) must, where possible, be described in terms of performance required rather than in terms of descriptive characteristics for design;
- d) may not create trade barriers in contract requirements in the forms of specifications, plans, drawings, designs, testing and test methods, packaging, marking or labelling of conformity certification;
- e) may not make reference to any particular trade mark, name, patent, design, type, specific origin or producer unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the word "equivalent";
- f) must indicate each specific goal for which points may be awarded in terms of the points system set out in the Preferential Procurement Regulations 2001; and
- g) must be approved by the accounting officer prior to publication of the invitation for bids in terms of paragraph 22 of this Policy.

(3) Prequalification criteria for preferential procurement

The municipality may decide to apply pre-qualifying criteria to advance certain designated groups, the municipality when applying this must specify as a bid condition that only one or more of the following bidders may respond-

- a) a bidder having a stipulated minimum B-BBEE status level of contributor;
- b) an EME or QSE
- c) a bidder subcontracting a minimum of 30% to-
  - i. an EME or QSE which is at least 51% owned by black people;
  - ii. an EME or QSE which is at least 51% owned by black people who are youth;
  - iii. an EME or QSE which is at least 51% owned by black people with disabilities;
  - iv. an EME or QSE which is at least 51% owned by black people who are women;
  - v. an EME or QSE which is at least 51% owned by black people living in rural or undeveloped areas or townships;
  - vi. an EME or QSE which is at least 51% owned by black people who are military veterans;
  - vii. a cooperative which is at least 51% owned by black people
  - viii. an EME or QSE.
- d) A tender that fails to meet any pre-qualifying criteria stipulated in the bid documents will be considered unacceptable bid.



(3) A bid specification committee must be composed of one or more officials of the municipality preferably the manager responsible for the function involved, and may, when appropriate, include external specialist advisors.

(4) No person, advisor or corporate entity involved with the bid specification committee, or director of such a corporate entity, may bid for any resulting contracts.

## **28. Bid evaluation committees**

- (1) A bid evaluation committee must-
  - a) evaluate bids in accordance with –
    - i. the specifications for a specific procurement; and
    - ii. the points system set out in terms of paragraph 27(2)(f).
  - b) evaluate each bidder's ability to execute the contract;
  - c) check in respect of the recommended bidder whether municipal rates and taxes and municipal service charges are not in arrears, and;
  - d) submit to the adjudication committee a report and recommendations regarding the award of the bid or any other related matter.
- (2) A bid evaluation committee must as far as possible be composed of-
  - a) officials from departments requiring the goods or services; and
  - b) at least one supply chain management practitioner of the municipality.
- (3) Evaluation of bids that scored equal points  
In the event that two or more bids have scored equal total, the successful bid must-
  - be the one that scored the highest points for B-BBEE.

If two or more bids have equal points, including equal preference points for B-BBEE, the successful bid must be-

  - the one scoring the highest points for functionality, if functionality is part of the evaluation process.

In the event that two or more bids are equal in all respects, the award must be-

  - decided by drawing lots

## **29. Bid adjudication committees**

- (1) A bid adjudication committee must –
  - a) consider the report and recommendations of the bid evaluation committee; and
  - b) either-
    - i. depending on its delegations, make a final award or a recommendation to the accounting officer to make the final award; or
    - ii. make another recommendation to the accounting officer how to proceed with the relevant procurement.

- (2) A bid adjudication committee must consist of at least four senior managers of the municipality, which must include -
- a) the chief financial officer or, if the chief financial officer is not available, another manager in the budget and treasury office reporting directly to the chief financial officer and designated by the chief financial officer; and
  - b) at least one senior supply chain management practitioner who is an official of the municipality; and
  - c) a technical expert in the relevant field who is an official, and who requests the goods/services must be co-opted any way. Outside technical experts can also be co-opted, they must leave the meeting after advice has been given. Only standing committee members can be involved in final deliberation and recommendations for final approval.
- (3) The accounting officer must appoint the chairperson of the committee. If the chairperson is absent from a meeting, the members of the committee who are present must elect one of them to preside at the meeting.
- (4) Neither a member of a bid evaluation committee, nor an advisor or person assisting the evaluation committee, may be a member of a bid adjudication committee.
- (5)
- a) If the bid adjudication committee decides to award a bid other than the one recommended by the bid evaluation committee, the bid adjudication committee must prior to awarding the bid -
    - i. check in respect of the preferred bidder whether that bidder's municipal rates and taxes and municipal service charges are not in arrears, and;
    - ii. notify the accounting officer.
  - b) The accounting officer may-
    - i. after due consideration of the reasons for the deviation, ratify or reject the decision of the bid adjudication committee referred to in paragraph (a); and
    - ii. if the decision of the bid adjudication committee is rejected, refer the decision of the adjudication committee back to that committee for reconsideration.
- (6) The accounting officer may at any stage of a bidding process, refer any recommendation made by the evaluation committee or the adjudication committee back to that committee for reconsideration of the recommendation.
- (7) The accounting officer must comply with section 114 of the Act within 10 working days
- (8) For the purposes of continuity and not to delay meetings the Accounting Officer may also appoint any official to temporarily replace members that are absent from meetings due to illness, leave, etc. The Accounting Officer may also decide whether or not such an official will have the same powers as committee members
- (9) Awarding of contracts

A contract must be awarded to the bidder who scored the highest total number of points in terms of the preference point system. Points scored must be rounded off to the nearest 2 decimal places.

In exceptional circumstances a contract may, on reasonable and justifiable grounds be awarded to a bidder that did not score the highest number of points. The reasons for such a decision must be approved and recorded for audit purposes and must be defensible in a court of law.

### **30. Procurement of banking services**

- (1) A contract for banking services-
  - a) must be procured through competitive bids;
  - b) must be consistent with section 7 or 85 of the Act; and
  - c) may not be for a period of more than five years at a time.
- (2) The process for procuring a contract for banking services must commence at least nine months before the end of an existing contract.
- (3) The closure date for the submission of bids may not be less than 60 days from the date on which the advertisement is placed in a newspaper in terms of paragraph 22(1). Bids must be restricted to banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990):

### **31. Procurement of IT related goods or services**

- (1) The accounting officer may request the State Information Technology Agency (SITA) to assist with the acquisition of IT related goods or services through a competitive bidding process.
- (2) Both parties must enter into a written agreement to regulate the services rendered by, and the payments to be made to, SITA.
- (3) The accounting officer must notify SITA together with a motivation of the IT needs if
  - a) the transaction value of IT related goods or services required in any financial year will exceed R50 million (VAT included); or
  - b) the transaction value of a contract to be procured whether for one or more years exceeds R50 million (VAT included).
- (4) If SITA comments on the submission and the municipality disagrees with such comments, the comments and the reasons for rejecting or not following such comments must be submitted to the council, the National Treasury, the relevant provincial treasury and the Auditor General.

**32. Procurement of goods and services under contracts secured by other organs of state**

(1) The accounting officer may procure goods or services under a contract secured by another organ of state, but only if –

- a) the contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state;
- b) there is no reason to believe that such contract was not validly procured;
- c) there are demonstrable discounts or benefits to do so; and
- d) that other organ of state and the provider have consented to such procurement in writing.

(2) Subparagraphs (1)(c) and (d) do not apply if-

- a) a municipal entity procures goods or services through a contract secured by its parent municipality; or
- b) a municipality procures goods or services through a contract secured by a municipal entity of which it is the parent municipality.

**33. Procurement of goods necessitating special safety arrangements**

(1) The acquisition and storage of goods in bulk (other than water), which necessitate special safety arrangements, including gasses and fuel, should be avoided where ever possible.

(2) Where the storage of goods in- bulk is justified, such justification must be based on sound reasons, including the total cost of ownership, cost advantages and environmental impact and must be approved by the accounting officer.

**34. Proudly SA Campaign**

The municipality supports the Proudly SA Campaign to the extent that, all things being equal, preference is given to procuring local goods and services from:

- Firstly - suppliers and businesses within the municipality or district;
- Secondly - suppliers and businesses within the relevant province;
- Thirdly - suppliers and businesses within the Republic.

**35. Appointment of consultants**

(1) The accounting officer may procure consulting services provided that any Treasury guidelines in respect of consulting services are taken into account when such procurements are made.

(2) Consultancy services must be procured through competitive bids if

- a) the value of the contract exceeds R200 000 (VAT included); or
- b) the duration period of the contract exceeds one year.

- (3) In addition to any requirements prescribed by this policy for competitive bids, bidders must furnish particulars of –
- a) all consultancy services provided to an organ of state in the last five years; and
  - b) any similar consultancy services provided to an organ of state in the last five years.
- (4) The accounting officer must ensure that copyright in any document produced, and the patent rights or ownership in any plant, machinery, thing, system or process designed or devised, by a consultant in the course of the consultancy service is vested in the municipality.

**36. Deviation from, and ratification of minor breaches of, procurement processes**

- (1) The accounting officer may –
- a) dispense with the official procurement processes established by this Policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only –
    - i. in an emergency;
    - ii. if such goods or services are produced or available from a single provider only;
    - iii. for the acquisition of special works of art or historical objects where specifications are difficult to compile;
    - iv. acquisition of animals for zoos and/or nature and game reserves; or
    - v. in any other exceptional case where it is impractical or impossible to follow the official procurement processes; and
  - b) ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.
- (2) The accounting officer must record the reasons for any deviations in terms of subparagraphs (1)(a) and (b) of this policy and report them to the next meeting of the council and include as a note to the annual financial statements.
- (3) Subparagraph (2) does not apply to the procurement of goods and services contemplated in paragraph 11 (2) of this policy.

**37. Management of expansion or variation of orders against the original contract**

- (1). Contracts may be expanded or varied by not more than 20% for construction related goods, services and /or infrastructure projects and 15% for all other goods and/or services of the original value of the contract. Furthermore, anything beyond the above mentioned thresholds must be reported to council. Any expansion or variation in excess of these thresholds must be dealt with in terms of the provisions of Section 116 (3) of the MFMA which will be regarded as an amendment of the contract.
- (2). The contents of this paragraph are not applicable to transversal contracts, facilitated by the relevant treasuries on behalf of municipalities and specific term contracts. The latter refers to orders placed as and when commodities are required and at the time of awarding contracts, the required quantities were unknown.

### 38. Local Content

The Preferential Procurement Regulations, 2011 pertaining to the Preferential Procurement Policy Framework Act, Act No 5 OF 2000 which came into effect on 7 December 2011 make provision for the dti to designate sectors in line with national development and industrial policies for local production. To this end the dti has designated and determined the stipulated minimum thresholds for the following sectors:

Bus Sector	70 - 80 %
Pylons	100 %
Rolling Stock	55 – 80 %
Textiles	100%
Processed Vegetables	80 %
Set Top Boxes	30 %
Furniture Products	from 65 to 100%
Electrical and telecom cable products	90%

Note: Other designated sectors may be added by dti in future.

When inviting bids/quotations where local content is applicable, municipalities must indicate this in the bid advertisement. The MBD 6.2, SABS Specification SATS 1286:2011, and dti Guidance on the calculations of local content [available on dti's official website <http://www.thedti.gov.za>] should also be included in the bid documents/quotations.

The supplier has to proof that the product he offers does indeed comply with the stipulated thresholds. In order to do this there are three annexures which the supplier has to fill in and submit together with the bid document/quotation. These forms are also available on the dti Guidance on the calculations of Local content. It is advisable that municipalities attach the Guidance document to the bid documents/quotations in order to assist the suppliers to fill in the bid documents.

A two stage evaluation process may be followed

First stage

- calculate if the bidder adheres to the local content percentage requirement

Second stage:

- Only the bidders who comply with the local content percentage requirement will be evaluated further.

### 39. Unsolicited bids

(1) In accordance with section 113 of the Act there is no obligation to consider unsolicited bids received outside a normal bidding process.

(2) The accounting officer may decide in terms of section 113(2) of the Act to consider an unsolicited bid, only if-

- a) the product or service offered in terms of the bid is a demonstrably or proven unique innovative concept;



- b) the product or service will be exceptionally beneficial to, or have exceptional cost advantages;
- c) the person who made the bid is the sole provider of the product or service; and
- d) the reasons for not going through the normal bidding processes are found to be sound by the accounting officer.

(3) If the accounting officer decides to consider an unsolicited bid that complies with subparagraph (2) of this policy, the decision must be made public in accordance with section 21A of the Municipal Systems Act, together with –

- a) reasons as to why the bid should not be open to other competitors;
- b) an explanation of the potential benefits if the unsolicited bid were accepted; and
- c) an invitation to the public or other potential suppliers to submit their comments within 30 days of the notice.

(4) The accounting officer must submit all written comments received pursuant to subparagraph (3), including any responses from the unsolicited bidder, to the National Treasury and the relevant provincial treasury for comment.

(5) The adjudication committee must consider the unsolicited bid and may award the bid or make a recommendation to the accounting officer, depending on its delegations.

(6) A meeting of the adjudication committee to consider an unsolicited bid must be open to the public.

(7) When considering the matter, the adjudication committee must take into account –

- a) any comments submitted by the public; and
- b) any written comments and recommendations of the National Treasury or the relevant provincial treasury.

(8) If any recommendations of the National Treasury or Provincial Treasury are rejected or not followed, the accounting officer must submit to the Auditor General, the relevant provincial treasury and the National Treasury the reasons for rejecting or not following those recommendations.

(9) Such submission must be made within seven days after the decision on the award of the unsolicited bid is taken, but no contract committing the municipality to the bid may be entered into or signed within 30 days of the submission.

#### **40. Combating of abuse of supply chain management system**

- (1) The accounting officer must-
  - a) take all reasonable steps to prevent abuse of the supply chain management system;
  - b) investigate any allegations against an official or other role player of fraud, corruption, favouritism, unfair or irregular practices or failure to comply with this Policy, and when justified –
    - i. take appropriate steps against such official or other role player; or

- ii. report any alleged criminal conduct to the South African Police Service;
- c) check the National Treasury's database prior to awarding any contract to ensure that no recommended bidder, or any of its directors, is listed as a person prohibited from doing business with the public sector;
- d) reject any bid from a bidder-
  - i. if any municipal rates and taxes or municipal service charges owed by that bidder or any of its directors to the municipality or to any other municipality, are in arrears for more than three months; or
  - ii. who during the last five years has failed to perform satisfactorily on a previous contract with the municipality or any other organ of state after written notice was given to that bidder that performance was unsatisfactory;
- (e) reject a recommendation for the award of a contract if the recommended bidder, or any of its directors, has committed a corrupt or fraudulent act in competing for the particular contract;
- (f) cancel a contract awarded to a person if –
  - i. the person committed any corrupt or fraudulent act during the bidding process or the execution of the contract; or
  - ii. an official or other role player committed any corrupt or fraudulent act during the bidding process or the execution of the contract that benefited that person; and
- (g) reject the bid of any bidder if that bidder or any of its directors –
  - i. has abused the supply chain management system of the municipality or has committed any improper conduct in relation to such system;
  - ii. has been convicted for fraud or corruption during the past five years;
  - iii. has wilfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years; or
  - iv. has been listed in the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt Activities Act (No 12 of 2004).

(2) The accounting officer must inform the National Treasury and relevant provincial treasury in writing of any actions taken in terms of subparagraphs (1)(b)(ii), (e) or (f) of this policy.

(3) The accounting officer (who may delegate the task to the CFO) must, as part of complying with section 62(1)(d) of the MFMA set up and maintain a register of Unauthorised, Irregular, Fruitless and Wasteful Expenditures. The aim with the register is also to serve as a tool for recording all unauthorised, irregular, fruitless and wasteful expenditures and for tracking progress in dealing with the consequences flowing from such expenditures until all the issues that gave rise to the expenditures are properly resolved in accordance with the legal framework. Please also consult National Treasury MFMA Circular 68 dated 10 May 2013 in this regard.

### **Part 3: Logistics, Disposal, Risk and Performance Management**

#### **41. Logistics management**

The accounting officer must establish and implement an effective system of logistics management, which must include –

- a) the monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number;
- b) the setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;
- c) the placing of manual or electronic orders for all acquisitions other than those from petty cash;
- d) before payment is approved, certification by the responsible officer that the goods and services are received or rendered on time and is in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract;
- e) appropriate standards of internal control and warehouse management to ensure that goods placed in stores are secure and only used for the purpose for which they were purchased;
- f) regular checking to ensure that all assets including official vehicles are properly managed, appropriately maintained and only used for official purposes; and
- g) monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.
- h) the maintenance and administration of term contracts is co-managed with acquisition management for general goods / services.

#### **42. Disposal management**

(1) The criteria for the disposal or letting of assets, including unserviceable, redundant or obsolete assets, subject to sections 14 and 90 of the Act, are to be determined by council.

(2) Assets may be disposed of by –

- i. transferring the asset to another organ of state in terms of a provision of the Act enabling the transfer of assets;
- ii. transferring the asset to another organ of state at market related value or, when appropriate, free of charge;
- iii. selling the asset; or
- iv. destroying the asset.

(3) The accounting officer must ensure that –

- a) immovable property is sold only at market related prices except when the public interest or the plight of the poor demands otherwise;
- b) movable assets are sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous;
- c) firearms are not sold or donated to any person or institution within or outside the Republic unless approved by the National Conventional Arms Control Committee;
- d) immovable property is let at market related rates except when the public interest or the plight of the poor demands otherwise;

- e) all fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed;
- f) where assets are traded in for other assets, the highest possible trade-in price is negotiated; and
- g) in the case of the free disposal of computer equipment, the provincial department of education is first approached to indicate within 30 days whether any of the local schools are interested in the equipment.

#### **43. Risk management**

- (1) The criteria for the identification, consideration and avoidance of potential risks in the supply chain management system, are to be determined by council
- (2) Risk management must include –
  - a) the identification of risks on a case-by-case basis;
  - b) the allocation of risks to the party best suited to manage such risks;
  - c) acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it;
  - d) the management of risks in a pro-active manner and the provision of adequate cover for residual risks; and
  - e) the assignment of relative risks to the contracting parties through clear and unambiguous contract documentation.

#### **44. Performance management**

The accounting officer must establish and implement an internal monitoring system in order to determine, on the basis of a retrospective analysis, whether the authorised supply chain management processes were followed and whether the objectives of this Policy were achieved.

### **Part 4: Other matters**

#### **45. Prohibition on awards to persons whose tax matters are not in order**

- (1) No award above R 15 000 (all taxes included), may be made in terms of this Policy to a person whose tax matters have not been declared by the South African Revenue Service to be in order.
- (2) Before making an award to a person the accounting officer must first check with SARS whether that person's tax matters are in order
- (3) If SARS does not respond within 7 days such person's tax matters may for purposes of subparagraph (1) be presumed to be in order.

#### **46. Prohibition on awards to persons in the service of the state**

Irrespective of the procurement process followed, no award may be made to a person in terms of this Policy -

- a) who is in the service of the state;
- b) if that person is not a natural person, of which any director, manager, principal shareholder or stakeholder is a person in the service of the state; or
- c) a person who is an advisor or consultant contracted with the municipality.

**47. Awards to close family members of persons in the service of the state**

The accounting officer must ensure that the notes to the annual financial statements disclose particulars of any award of more than R2000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, including –

- a) the name of that person;
- b) the capacity in which that person is in the service of the state; and
- c) the amount of the award.

**48. Ethical standards**

(1) A code of ethical standards as set out in subparagraph (2) is hereby established for officials and other role players in the supply chain management system of the municipality in order to promote –

- a) mutual trust and respect; and
- b) an environment where business can be conducted with integrity and in a fair and reasonable manner

**Note:**

*It is recommended that the municipality or municipal entity adopt the 'National Treasury's code of conduct for supply chain management practitioners and other role players involved in supply chain management'. When adopted, such code of conduct becomes binding on all officials and other role players involved in the implementation of the supply chain management policy of the municipality or municipal entity. A copy of the National Treasury code of conduct is available on the website [www.treasury.gov.za/mfma](http://www.treasury.gov.za/mfma) located under "legislation". This code of conduct must be adopted by council or board of directors to become binding.*

(2) An official or other role player involved in the implementation of this Policy –

- a) must treat all providers and potential providers equitably;
- b) may not use his or her position for private gain or to improperly benefit another person;
- c) may not accept any reward, gift, favour, hospitality or other benefit directly" or indirectly, including to any close family member, partner or associate of that person, of a value more than R350;



- d) notwithstanding subparagraph (2) (c), must declare to the accounting officer details of any reward, gift, favour, hospitality or other benefit promised, offered or granted to that person or to any close family member, partner or associate of that person;
  - e) must declare to the accounting officer details of any private or business interest which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal process of, or in any award of a contract by, the municipality ;
  - f) must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of a contract in which that person, or any close family member, partner or associate, has any private or business interest;
  - g) must be scrupulous in his or her use of property belonging to municipality ;
  - h) must assist the accounting officer in combating fraud, corruption, favouritism and unfair and irregular practices in the supply chain management system; and
  - i) must report to the accounting officer any alleged irregular conduct in the supply chain management system which that person may become aware of, including –
    - i. any alleged fraud, corruption, favouritism or unfair conduct;
    - ii. any alleged contravention of paragraph 47(1) of this Policy; or
    - iii. any alleged breach of this code of ethical standards.
- (3) Declarations in terms of subparagraphs (2)(d) and (e) –
- a) must be recorded in a register which the accounting officer must keep for this purpose;
  - b) by the accounting officer must be made to the council of the municipality who must ensure that such declarations are recorded in the register.
- (4) The National Treasury's code of conduct must also be taken into account by supply chain management practitioners and other role players involved in supply chain management.
- (5) A breach of the code of ethics must be dealt with as follows –
- a) in the case of an employee, in terms of the disciplinary procedures of the municipality envisaged in section 67(1 )(h) of the Municipal Systems Act;
  - b) in the case a role player who is not an employee, through other appropriate means in recognition of the severity of the breach.
  - c) In all cases, financial misconduct must be dealt with in terms of chapter 15 of the Act.

#### **49. Inducements, rewards, gifts and favours to municipalities, officials and other role players**

- (1) No person who is a provider or prospective provider of goods or services, or a recipient or prospective recipient of goods disposed or to be disposed of may either directly or through a representative or intermediary promise, offer or grant –
- a) any inducement or reward to the municipality for or in connection with the award-of a contract; or
  - b) any reward, gift, favour or hospitality to –
    - i. any official; or
    - ii. any other role player involved in the implementation of this Policy.
- (2) The accounting officer must promptly report any alleged contravention of subparagraph (1) to the National Treasury for considering whether the offending



person, and any representative or intermediary through which such person is alleged to have acted, should be listed in the National Treasury's database of persons prohibited from doing business with the public sector.

(3) Subparagraph (1) does not apply to gifts less than R350 in value.

#### **50. Sponsorships**

The accounting officer must promptly disclose to the National Treasury and the relevant provincial treasury any sponsorship promised, offered or granted, whether directly or through a representative or intermediary, by any person who is -

- a) a provider or prospective provider of goods or services; or
- b) a recipient or prospective recipient of goods disposed or to be disposed.

#### **51. Objections and complaints**

Persons aggrieved by decisions or actions taken in the implementation of this supply chain management system, may lodge within 14 days of the decision or action, a written objection or complaint against the decision or action.

#### **52. Resolution of disputes, objections, complaints and queries**

(1) The accounting officer must appoint an independent and impartial person, not directly involved in the supply chain management processes -

- a) to assist in the resolution of disputes between the municipality and other persons regarding
  - i. any decisions or actions taken in the implementation of the supply chain management system; or
  - ii. any matter arising from a contract awarded in the course of the supply chain management system; or
- b) to deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.

(2) The accounting officer, or another official designated by the accounting officer, is responsible for assisting the appointed person to perform his or her functions effectively.

(3) The person appointed must ~

- a) strive to resolve promptly all disputes, objections, complaints or queries received;  
**and**
- b) submit monthly reports to the accounting officer on all disputes, objections, complaints or queries received, attended to or resolved.

(4) A dispute, objection, complaint or query may be referred to the relevant provincial treasury if -

- a) the dispute, objection, complaint or query is not resolved within 60 days;  
**or**
- b) no response is forthcoming within 60 days.

(5) If the provincial treasury does not or cannot resolve the matter, the dispute, objection, complaint or query may be referred to the National Treasury for resolution.

(6) This paragraph must not be read as affecting a person's rights to approach a court at any time.

### **53. Contracts providing for compensation based on turnover-**

If a service provider acts on behalf of municipality to provide any service or act as a collector of fees, service charges or taxes and the compensation payable to the service provider is fixed as an agreed percentage of turnover for the service or the amount collected, the contract between the service provider and the municipality must stipulate –

- a) a cap on the compensation payable to the service provider; and
- b) that such compensation must be performance based.

### **54. Commencement**

**Approved by Council on** 2017/05/30

**Approved by Accounting Officer on** 2017/ 05/ 29

This Policy takes effect on 2017/ 07/01

# APPENDIX I

**GA-SEGONYANYA  
LOCAL MUNICIPALITY**



**REVIEWED TRAVEL AND SUBSISTENCE  
POLICY**

## 1. Introduction

- 1.1 The current travel and subsistence procedures have been applied and followed for the past years and have become outdated as circumstances have changed and costs have increased with inflation.
- 1.2 Officials and councilors are required from time to time to travel away from the office in order to meet other role players, attend workshops and official functions. And often these councilors and officials are required to use their own transport and need to be reimbursed for the cost incurred.
- 1.3 An updated Travel and Subsistence Policy that take the above scenario into account has become necessary.

## 2. Purpose of the Policy

The purpose of this policy is to:

Ensure that all travel and subsistence costs incurred by the Municipality are done as efficiently and effectively as possible.

Ensure that councilors and officials are reimbursed fairly and consistently for the cost incurred while traveling to perform municipal duties.

## 3. Application

This policy applies to:-

- 3.1 all councilors of Ga-Segonyana Local Municipality; and
- 3.2 all officials Ga-Segonyana Local Municipality
- 3.3 relevant stakeholders of Ga-segonyana Local Municipality

Who are travelling on official business and as such are formal representatives of GaSegonyana municipality.

## 4. Legal Framework

In terms of Section 66 of the MFMA No.56 of 2003 the accounting officer of the municipality must, in format and for periods as may be prescribed, report to the council on all expenditure incurred by the municipality on staff salaries, allowances and benefits, separately disclosing (inter alia) travel, subsistence and accommodation.

The following legislation will be applied.

- Department of Finance Tariff guidelines
- SALGA's Councillors Hand Book
- Department of Cooperative Governance and Traditional Affairs No R. 12225 – Remuneration of Public Office bearers (Act No. 20. of 1998)

## 5. Definitions and Abbreviations

- HOD – Head of Department

- **MM** – Municipal Manager
- **SARS** – South African Revenue Services
- **SALGA** – South African Local Government Association
- **BTO** – Budget and Treasury Office
- **Partner** – By partner the policy refers to somebody who is married interms of civil or Traditional Marriage.

## **6. Subsistence and travel allowance**

### **6.1 Privately Owned Vehicle and Subsistence allowance**

- 6.1.1 A subsistence allowance does not cover any personal recreation such as alcoholic beverages, private telephone calls, visits to a cinema, theatre, nightclubs or sightseeing.
- 6.1.2 For privately owned vehicle claimant shall be paid at the current SARS tariffs per kilometer to be implemented from 1 July of each financial year.
- 6.1.3 All officials of Ga-segonyana Municipality that qualifies for car allowance must use their private vehicles and claim for the kilometers travelled as per private-tariffs for all official trips travelled outside Ga-segonyana boundaries. A log sheet should be kept for claiming kilometers travelled within the boundaries of the Ga-segonyana local Municipality.
- 6.1.3 Staff members and councilors residing outside Kuruman Town, will make prior arrangements with the relevant HOD or the Municipal Manager in order to utilize the municipal car on arrival from an official trip.
- 6.1.4 In a case where a private transport was used to transport an official to and from home, the kilos can be claimed, and in a case where a vehicle scheme transport was used, the kilos can be included in the log book. (Prior arrangements will be done with the relevant Head of Department or the Municipal Manager).
- 6.1.5 The total traveling distance shall be calculated from and to the Ga-Segonyana District Municipal offices in Kuruman, clause 6.3 and 6.4 will be considered in consultation with the Head of Department and the Municipal Manager.
- 6.1.6 Councillors will only claim for kilometers travelled, part time councilors will be allowed to claim from where they reside, whereas fulltime councilors will claim from the GA-SEGONYANA LOCAL premises, except during weekends and or public holidays.
- 6.1.7 In the event there is a need for officials and councilors to travel to the same meeting they should at least travel in a pair of two per vehicle.
- 6.1.8 Whenever two people travel in one car, an indemnity form designed for this purpose should be signed by all parties. The form should specify the names of the people, the fact that the employer will take the risks and the details of the meetings they will attend.
- 6.1.9 Should an accident happen while two people were travelling in one car, the case will be handled as an injury on duty, and all claims and procedures on the Compensation and injuries and diseases act no 130 of 1993 will be followed.



## 6.2 Public Transport

- 6.2.1 For public transport proof of payment must be furnished.

## 6.3 Accommodation and Subsistence Allowance

- 6.3.1 Overnight accommodation shall only be allowed in cases where the traveling time from Ga-Segonyana Municipal Offices to the venue is more than two hours after the official starting time (07:30) of the Municipality.
- 6.3.2 Overnight accommodation shall also be allowed in cases where traveling from the venue to Ga-Segonyana Municipal Office is after 18:00, and 16:00 in cities where traffic congestion is a challenge.
- 6.3.3 The following two options are available in cases where an overnight accommodation is required:
- 6.3.4 The actual cost of accommodation will be borne by the Municipality, subject to a maximum of **R1 000.00 per night (and R1500.00 for Mayor, Speaker and MM and their protocol drivers)** (including tourism levy) for the accommodation itself in respect of domestic travel. Where such accommodation is available, the applicable rate will be paid in advance by the Municipality. For cities where accommodation is more expensive, an amount of **R1500.00 and (R1 800 for Mayor, Speaker and Municipal Manager and their protocol drivers)** will be paid.
- 6.3.5 **Subsistence allowance will be paid in terms of the prescribed SARS tariffs, as determined from time to time.**
- 6.3.6 If a Municipality representative stays with a relative or friend, no accommodation allowance may be claimed, but the representative may claim an overnight allowance of **R500** per day.
- 6.3.7 Where it is not necessary to overnight, no accommodation cost will be paid, and a subsistence allowance will be paid if a councilor or official was away for four hours and more on an official visit. The daily subsistence tariffs will be determined by SARS, from time to time.
- 6.3.8 Should a need arise for an official/Councillor in the municipality to visit a particular Department, a stakeholder, a municipality outside the Ga-Segonyana local municipality, or to perform duties outside as according to his weekly/monthly plan, a letter of motivation and or a weekly plan will be submitted to a supervisor. If a motivation letter or a weekly plan approved, the same documents will be used as proof for the purpose of claims and accommodation by the BTO.
- ## 6.4 Travel allowances for persons invited for interviews
- 6.4.1 No subsistence cost will be paid to a candidate invited for an interview, the tariffs of **Department of Transport will be used** if the candidate has to travel more than 50 km to attend the interview.
- ## 6.5 Incidental Expenses

The following expenses incurred must be paid for by the claimant and reclaimed back from the Municipality:

6.6.1 Toll fees

6.6.2 Parking fees

## **6.6 Traveling to Foreign Countries**

6.6.1 The cost of accommodation for international travel may not exceed **US \$ 400 per day.**

6.6.2 If a councilor or official is travelling to a country where a currency is lessor or equal to the rand, the claim will be paid according to the rand, as per the 6.4.5 in the S&T policy.

6.6.3 If a councilor or official is travelling to a country with a currency that is more than the rand, the claim will be paid in terms of the US dollar.

6.6.4 If a councilor or official is travelling to a country with a currency that is more than the US dollar, the claim will be paid in terms of the currency of that country.

## **7. Capacity Building and Workshops arranged by Municipality**

7.1 All officials and Councilors traveling for capacity building or workshop purposes are entitled to accommodation and daily expenses in paragraph 6.4 and 6.7 respectively.

## **8. Traveling by flight**

When traveling alone, councilors and staff members will be allowed to use the services of a flight, subject to the availability of funds.

8.1 If more than one person is traveling, a private car or a municipal car will be used.

8.2 Only the economy class can be used for both the local and international flights.

8.3 For international flights, payment will be done subject to a council resolution.

8.4 Prior arrangements to obtain a rental car will be made.

## **9. Councilors Traveling Allowance**

The traveling allowance to Councilors shall be as follows:

9.1 A fixed allowance based on a percentage of the salary of the full-time Councilors concerned as determined in terms of the regulations, which percentage may not exceed 25%; or

9.2 An allowance in respect of kilometers traveled during the performance of official functions on behalf of the Municipality not exceeding the applicable tariffs prescribed by the Department of Transport of the use of privately owned vehicle.

9.3 In addition the other allowances referred to in subparagraph (9.1 and 9.2) a further allowance regarding kilometers traveled in respect of the performance of official functions on behalf of the Municipality outside the jurisdiction of the District not exceeding the applicable tariffs prescribed by the Department of Transport for use private vehicles.

- 9.4 A Councilor must elect one of the options in subparagraph 9.1 or 9.2 at the beginning of each financial year of the Municipality; Provided that a Councilor, other than a full time Mayor of full-time Mayor where applicable, may not receive any allowance provided for in subparagraph 9.1 and 9.2 where the Municipal Council makes a vehicle available to that Councillor.
- 9.5 In addition to the allowance provided for in this paragraph, a Councilor may utilize a Council owned vehicle when performing a ceremonial function as determined by the Municipal Council.

## 10 Repayment of claims

The claimant shall be required to pay back the money under the following circumstances:

- 10.1 Should the meeting or trip be cancelled the Budget and Treasury Office must be informed immediately.
- 10.2 If the meeting is cancelled before the trip is undertaken and claims were already done the, claimed money must be paid back in full to the Budget and Treasury Office.
- 10.3 Should an official or a councilor insist on travelling even though s/he was aware of the cancellation, the money will be recovered from her/him by the BTO.
- 10.4 All suspicions of fraudulent claims and wasteful expenses related to this policy must be investigated and appropriate sanctions be carried out.

## 12. Claims for Traditional leaders.

- 12.1 Traditional leaders who are sitting in the Ga-segonyana Local Municipality Council will only claim for council meetings attended.

## 13 Claims Procedures

The following procedures are to be followed in all the travel and subsistence claims:

- 13.1 The official travel and subsistence claim form of the municipality to be completed by the claimant.
- 13.2 The necessary supporting documentation must be attached to the claim form.
- 13.3 The claim form must be **co signed** by the Speaker in the case of Councilors, and the Municipal Manager/the relevant HOD. The Municipal Manager/his/her delegate will sign official's claims.
- 13.4 All travel and subsistence form to be finally approved by the Municipal Manager/Acting Municipal Manager,/Head of Department or **Assistant Managers**.
- 13.5 **The Municipal Managers claim forms will be signed by the section 57 manager and be co signed by the Mayor.**
- 13.6 The completed and approved claim forms must then be submitted to the Budget and Treasury Office for processing.

- 13.7 The travel and subsistence claim forms shall be processed as follows by the Budget and Treasury Office.
- 13.8 All claims for payment must reach the Budget and Treasury Office before 13:00 of the day preceding the claim payment day or else the payment shall be delayed to the next claim payment day.
- 13.9 All payment (as much as possible) shall be done electronically into individual account.
- 13.10 It is the sole duty of individual claimant to ensure that the completed claim form reaches the Budget and Treasury office timeously.

#### **14 Delegated Powers**

The following powers are delegated in terms of this policy:

- 14.1 All the travel and subsistence claims forms to be finally approved by the Municipal Manager, Acting Municipal Manager, HOD or Senior Managers.
- 14.2 All the travel and subsistence claim forms of Councilors to be approved by the Speaker
- 14.3 All the travel and subsistence claim forms of officials to be approved by their respective HOD or Assistant HOD.
- 14.4 **In the absence of an HOD the Assistant manager will have signing powers. A manager from other Department may not sign for another Department.**

#### **15 Status of the Policy**

- 15.1 This policy shall be effective **after approval by council.**
- 15.2 All applicable legislation, bargaining council agreement and Salga guidelines override this policy.
- 15.3 It is the responsibility of the Municipal Manager to bring the conflict between this policy and applicable legislation to the attention of the council and propose changes to eliminate such conflict.

#### **16. Review of the Policy**

This policy will be reviewed as and when required.

# APPENDIX J

# **GA-SEGONYANA LOCAL MUNICIPALITY**



## **FUNDING AND RESERVES POLICY**



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## **1. INTRODUCTION AND OBJECTIVE**

The Council sets as objective a long term financially sustainable municipality with acceptable levels of service delivery to the community.

This policy aims to set standards and guidelines towards ensuring financial viability over both the short- and long term and includes funding as well as reserves requirements.

## **2. SECTION A: FUNDING POLICY**

### **2.1 LEGISLATIVE REQUIREMENTS**

In terms of Sections 18 and 19 of the Municipal Finance Management Act (Act No 56 of 2003) (MFMA), an annual budget may only be funded from:

- Realistically anticipated revenues to be collected;
- Cash backed accumulated funds from previous years' surpluses not committed for other purposes, and
- Borrowed funds, but only for capital projects.

Furthermore, spending on a capital project may only be commenced once the funding sources have been considered, are available and have not been committed for other purposes.

The requirements of the MFMA are therefore clear in that the budget must be cash – funded i.e. cash receipts inclusive of prior cash surpluses must equal or be more than cash paid.

In determining whether the budget is actually cash funded and in addition ensuring long term financial sustainability, the municipality will use analytical processes, including those specified by National Treasury from time to time.

### **2.2 STANDARD OF CARE**

Each functionary in the budgeting and accounting process must do so with judgment and care, under the prevailing circumstances, as a person of prudence, discretion and intelligence would exercise to the management of his or her own finances with the primary objective of ensuring that the objectives of this policy are achieved.

### **2.3 STATEMENT OF INTENT**

The municipality will not pass a budget which is not cash – funded or where any of the indicators as listed in this document are negative, unless acceptable reasons can be provided for non-compliance, provided that the requirements of the MFMA must at all times be adhered to.

## **2.4 CASH MANAGEMENT**

Cash must be managed in terms of the municipality's Cash Management and Investment Policy.

## **2.5 DEBT MANAGEMENT**

Debt must be managed in terms of the municipality's Debt Management Policy, together with any requirements in this policy.

## **2.6 FUNDING THE OPERATING BUDGET**

### **2.6.1 INTRODUCTION**

The municipality's objective is that the user of municipal resources must pay for such usage in the period it occurs.

The municipality however, recognises the plight of the poor, and in line with national and provincial objectives, the municipality commits itself to subsidised services to the poor. This will necessitate cross subsidisation in tariffs to be calculated in the budget process.

### **2.6.2 GENERAL PRINCIPLE WHEN COMPILING THE OPERATING BUDGET**

The following specific principles apply when compiling the budget:

- a) The budget must be cash – funded, i.e. revenue and expenditure projections must be realistic and the provision for impairment of receivables must be calculated on proven recovery rates;
- b) Growth parameters must be realistic and be based on historic patterns adjusted for current reliable information;
- c) Tariff adjustments must be fair, taking into consideration general inflation indicators as well as the geographic region's ability to pay;
- d) Revenue from Government Grants and Subsidies must be in accordance with the amounts promulgated in the Division of Revenue Act, proven provincial transfers and any possible transfers to or from other municipalities.

For the purpose of the Cash flow budget any National or Provincial grants that have been re-appropriated for roll-over purposes must be excluded

from the calculation as it must be included in changes in Cash and Cash Equivalents and Payables.

Furthermore, in the budget the total grants recognised as revenue must equal the total expected expenditure from grants, inclusive of capital expenditure and VAT as per directive given in MFMA circular 48.

- e) Projected revenue from services charges must be reflected as net (all billing less revenue foregone, which is free basic services, discounts and rebates).
- f) Projected revenue from property rates must include all rates to be levied, but rebates and discounts must be budgeted for as either revenue foregone or a grant, as per directive in MFMA Budget Circular 51, depending on the conditions of the exemption, rebate or reduction.

For the purpose of the Cash flow Budget all rebates and discounts must be deducted from the projected revenue.

- g) Only changes in fair values related to cash may be included in the cash flow budget. Changes to unamortised discount must be included in the Operating Budget but excluded in the cash flow budget.
- h) Employee related costs include contributions to non-current and current employee benefits. It is acknowledged that the non-current benefits' requirements are well above the initial cash capabilities of the municipality, and it is therefore determined that provision for the short term portion of employee benefits, as well as an operating surplus calculated at 5% of the prior year balance of the long-term benefits, be included in the operating budget, in order to build sufficient cash for these requirements. The cash portion of the employee benefits must be accounted for in an "Employee Benefits Reserve".
- i) Depreciation must be fully budgeted for in the operating budget.

In order to ensure a sufficient accumulation of cash for the replacement of Property, Plant and Equipment and Intangible Assets, the amount of depreciation on assets funded from own sources, excluding assets funded from grants, public contributions and external loans must be reflected as a surplus on the cash flow budget.

- j) Contributions to provisions (non-current and current) do not form part of the cash flow. It is however, necessary to provide for an increase in cash resources in order to comply with the conditions of the provision at the time when it is needed.

It is therefore a requirement that the contribution to current provisions, as well as 20% of the prior year balance of the non current provision, is budgeted as cash surpluses until the necessary funding level is obtained.

## **2.7 FUNDING THE CAPITAL BUDGET**

### **2.7.1 INTRODUCTION**

The municipality's objective is to maintain, through proper maintenance and replacement measures, existing levels of service and to improve and implement services which are neglected or non – existent.

In order to achieve this objective the municipality must annually, within financial means, budget for the replacement of redundant assets as well as new assets.

### **2.7.2 FUNDING SOURCES FOR CAPITAL EXPENDITURE**

The capital budget can be funded by way of own contributions, grants and public contributions as well as external loans.

#### **Own Contributions**

The capital budget financed from own contributions must primarily be funded from the Capital Replacement Reserve.

Notwithstanding the above the capital budget or portions thereof may also be funded from surplus cash. The allocations of the funding sources from own contributions are determined during the budget process.

#### **Grants (Including Public Contributions)**

Grants for capital expenditure have become a common practice, especially in order to extend service delivery to previously disadvantaged areas. While such grants are welcomed, care should also be taken that unusual grant funding does not place an unreasonable burden on the residents for future maintenance costs which may be higher than their ability to pay.

It is therefore determined that the accounting officer must evaluate the long term effect of unusual capital grants on future tariffs, and if deemed necessary, report on such to Council.

It is furthermore determined that the depreciation charges on assets financed from grants and donations must not have a negative effect on tariffs charged to the users of such assets. The Accounting Officer must put such accounting measures in place to comply with this requirement, to a reasonable extent.

#### **External Loans**

The municipality may only raise loans in accordance with its Debt Management Policy.

The Accounting Officer must also put such accounting measures in place to ensure that no unspent portions of loans are utilised for operating purposes.

For budgeting purposes any difference between proposed capital spending from loans and proposed loans raised must be included in the cash surplus for the year.

## **2.8 FUNDING COMPLIANCE MEASUREMENT**

### **2.8.1 INTRODUCTION**

The municipality wants to ensure that the budget or adjustments budget complies with the requirements of the MFMA and this policy. For this purpose a set of indicators must be used as part of the budget process and be submitted with the budget. These indicators include all the indicators as recommended by National Treasury as well as reconciliations according to this policy. Any additional indicators recommended by National Treasury in future must also be taken into account, as well as any additional reconciliation items as either determined by the Council or the Accounting Officer.

If any of the indicators are negative during the compilation or approval process of the budget, the budget may not be approved until all the indicators provide a positive return, unless any negative indicators can be reasonably explained and future budget projections address the turn-around of these indicators to within acceptable levels.

### **2.8.2 CASH AND CASH EQUIVALENTS AND INVESTMENTS**

A positive Cash and Cash Equivalents position throughout the year is crucial. In addition, the forecasted cash position at year-end must at least be the amount as calculated in the Reconciliation of Cash Requirements as determined by this policy and attached to this policy as Appendix "A".

### **2.8.3 CASH PLUS INVESTMENTS LESS APPLICATION OF FUNDS**

The overall cash position of the municipality must be sufficient to include:

- unspent conditional grants;
- unspent conditional public contributions;
- unspent borrowings;
- vat due to SARS;
- secured investments;
- the cash portion of statutory funds such as the Housing Development Fund;
- other working capital requirements; and
- in addition, it must be sufficient to back reserves as approved by the municipality and the portions of provisions as indicated elsewhere in this policy.



**2.8.4 MONTHLY AVERAGE PAYMENT COVERED BY CASH AND CASH EQUIVALENTS ("CASH COVERAGE")**

This indicator shows the level of risk should the municipality experience financial stress.

**2.8.5 SURPLUS/DEFICIT EXCLUDING DEPRECIATION OFFSETS**

It is almost certain that the operating budget, which includes depreciation charges on assets funded by grants and public contributions, as well as on revalued assets, will result in a deficit.

As determined elsewhere in this policy it is not the intention that the users of the assets funded from grants, public contributions and revaluations must be burdened with tariff increases to provide for such depreciation charges. In order to ensure a "balanced" budget but excluding such depreciation charges, the depreciation charges may be offset against the net surplus / deficit.

Should the budget result in a deficit after the offsetting, the budget will be deemed unfunded and must be revised.

**2.8.6 PROPERTY RATES/SERVICE CHARGE REVENUE PERCENTAGE INCREASE LESS MACRO INFLATION TARGET**

The intention of this indicator is to ensure that tariff increases are in line with macro economic targets, but also to ensure that revenue increases for the expected growth in the geographic area is realistically calculated.

The formula to be used is as follows:

	DESCRIPTION	PROPERTY RATES	SERVICE CHARGES	TOTAL
A	Revenue of budget year	R XX	R XX	R XX
B	Less: Revenue of prior year	R XX	R XX	R XX
C	=Revenue increase/decrease	R XX	R XX	R XX
D	% Increase/(Decrease)	C/B %	C/B %	C/B %
E	Less: Upper limit of macro Inflation target	%	%	%
F	=Growth in excess of inflation target	%	%	%
G	Less: Expected growth %	%	%	%

H	=Increase attributed to tariff Increase above macro inflation target	%	%	%
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In the event that the percentage in (h) above is greater than zero, a proper motivation must accompany the budget at submission, or the budget must be revised.

#### **2.8.7 CASH COLLECTION % RATE**

The object of the indicator is to establish whether the projected cash to be collected is realistic and complies with section 18 of the MFMA.

The collection rate for calculating the provision for impairment of receivables must be based on past and present experience. Past experience refers to the collection rates of the prior years and present experience refers to the collection rate of the current financial year as from 1 July.

It is not permissible to project a collection rate higher than the rate currently being obtained, even if the municipality recently approved a debt collection policy or implemented additional debt collection measures. Any improvement in collection rates during the budget year may be appropriated in an Adjustment Budget.

#### **2.8.8 DEBT IMPAIRMENT EXPENSE AS A PERCENTAGE OF BILLABLE REVENUE**

This indicator provides information whether the contribution to the provision for impairment of receivables is adequate. In theory it should be equal to the difference between 100% and the cash collection rate, but other factors such as past performance might have an influence on it. Any difference, however, must be motivated in the budget report.

#### **2.8.9 CAPITAL PAYMENTS AS A PERCENTAGE OF CAPITAL EXPENDITURE**

This indicator provides information as to the timing for payments on capital projects and utilising allowed payment terms.

#### **2.8.10 BORROWING AS A PERCENTAGE OF CAPITAL EXPENDITURE (EXCLUDING GRANTS AND CONTRIBUTIONS)**

This indicator provides information as to compliance with the MFMA in determining borrowing needs. The Accounting Officer must ensure compliance with the Municipality's Borrowing Policy.

#### **2.8.11 GRANTS REVENUE AS A PERCENTAGE OF GRANTS AVAILABLE**

The percentage should never be less than 100% and the recognition of expected unspent grants at the current year-end as revenue in the next financial year must be substantiated in a report.

#### **2.8.12 CONSUMER DEBTORS CHANGE (CURRENT AND NON - CURRENT)**

The object of the indicator is to determine whether budgeted reductions in outstanding debtors are realistic.

An unacceptable high increase in either current- or non- current debtors' balances should be investigated and acted upon.

#### **2.8.13 REPAIRS AND MAINTENANCE EXPENDITURE LEVEL**

It is of utmost importance that the municipality's Property Plant and Equipment be maintained properly, in order to ensure sustainable service delivery. The budget should allocate sufficient resources to maintain assets and care should be exercised not to allow a declining maintenance program in order to fund other less important expenditure requirements.

Similarly, if the maintenance requirements become excessive, it could indicate that a capital renewal strategy should be implemented or reviewed.

As a general benchmark the maintenance budget should be between 4% and 8% of the value of assets.

#### **2.8.14 ASSET RENEWAL/REHABILITATION EXPENDITURE LEVEL**

This indicator supports further the indicator for repairs and maintenance.

The Accounting Officer must, as part of the capital budget, indicate whether each project is a new asset or a replacement/renewal asset in order to determine whether the renewal program is sufficient or needs revision.

#### **2.8.15 FINANCIAL PERFORMANCE BUDGET**

Although it is not a legal requirement that the financial performance budget should balance, it only makes management sense that it should balance.

A number of line-items influence the net result of the financial performance budget. It includes capital grant revenue, depreciation charges including those where assets were funded from grants and public contributions, unamortised discounts and gains/losses on the disposal of Property Plant and Equipment. These items need to be taken into consideration in order to establish if the operating budget is realistic and credible.

#### **2.8.16 FINANCIAL POSITION BUDGET**

This indicator provides an overall view of the projected financial position over the periods of the Medium Term Expenditure framework, including movements in inventory and payables.

#### **2.8.17 CASH FLOW BUDGET**

A positive cash flow is a good indicator of a balanced budget, as well as the ability of the municipality to meet its future commitments.

The cash flow budget, however, does not include those items such as contributions to the provisions described elsewhere in this policy, the effect of depreciation charges etc, and care must be taken not to let a projected positive cash inflow lead to additional expenditure requests, without taking the requirements of those items into consideration.

### **3. SECTION B: RESERVES POLICY**

#### **3.1 INTRODUCTION**

Fund accounting historically formed a huge part of municipal finance in the IMFO standards.

Since the municipality changed to General Recognised Accounting Practices (GRAP), fund accounting is no more allowed.

The municipality, however, recognises the importance of providing to the municipality itself, as well as its creditors, financiers, staff, and general public a measure of protection for future losses, as well as providing the necessary cash resources for future capital replacements and other current and non-current liabilities.

This policy aims to provide for such measure of protection by creating certain reserves.

#### **3.2 LEGAL REQUIREMENTS**

There are no specific legal requirements for the creation of reserves, except for the Housing Development Fund. The GRAP Standards itself also do not provide for reserves.

However, the GRAP "Framework for the Preparation and Presentation of Financial Statements" states in paragraph 91 that such reserves may be created, but "Fund Accounting" is not allowed and any such reserves must be a "legal" reserve, i.e. created by law or Council Resolution.

### **3.3 TYPES OF RESERVES**

Reserves can be classified into two main categories being "cash funded reserves" and "non – cash funded reserves".

#### **3.3.1 CASH FUNDED RESERVES**

In order to provide for sufficient cash resources for future expenditure, the municipality hereby approves the establishment of the following reserves:

**(a) Capital Replacement Reserve (CRR)**

The CRR is to be utilised for future capital expenditure from own funds and may not be used for maintenance– or other operating expenditure.

The CRR must be cash-backed and the Accounting Officer is hereby delegated to determine the contribution to the CRR during the compilation of the annual financial statements.

**(b) Employee benefits reserve**

The aim of the reserve is to ensure sufficient cash resources are available for the future payment of employee benefits.

The contributions to the reserve must be made in accordance with the directives set in this Funding Policy.

**(c) Non-current provisions reserve**

The aim of this reserve is to ensure sufficient cash resources are available for the future payment of non – current provisions.

The contributions to the reserve must be made in accordance with the directives set in this Funding Policy.

**(d) Valuation reserve**

The aim of this reserve is to ensure sufficient cash resources are available to undertake a General Valuation as per the Municipal Property Rates Act.

The contribution to this reserve should be approximately 25% of the anticipated cost of the General Valuation and the Accounting Officer is hereby delegated to determine this amount annually during the compilation of the annual financial statements.

**(e) Other statutory reserves**

It may be necessary to create reserves prescribed by law, such as the Housing Development Fund. The Accounting Officer must create such reserves according to the directives in the relevant laws.

### **3.3.2 NON – CASH FUNDED RESERVES**

It might be necessary to create non – cash funded reserves for a variety of reasons, including GRAP requirements. The Accounting Officer must create any reserves prescribed by the accounting standards, such as the Revaluation Reserve, if required.

The Accounting Officer is hereby delegated and may also in the discretion of the Accounting Officer, create reserves for future depreciation offsetting, in the absence of a standard similar to IAS 20.

## **3.4 ACCOUNTING FOR RESERVES**

### **3.4.1 REVALUATION RESERVE**

The accounting for the Revaluation Reserve must be done in accordance with the requirements of GRAP 17.

### **3.4.2 OTHER RESERVES**

The accounting for all other reserves must be processed through the Statement of Financial Performance. The required transfer to or from the reserves must be processed in the Statement of Net Assets to or from the accumulated surplus.

It is a condition of GRAP and this policy that no transactions may be directly appropriated against these reserves.

## **4. SECTION C: REVIEW OF THE POLICY**

This Funding and Reserves Policy is the only policy of the municipality and replaces any past policies in this regard. Any revision of the policy must be approved by the Municipal Council.

Whenever the Minister of Finance or the National Treasury or the Auditor – General requests changes to the policy by way of legislation, changes to GRAP or otherwise, it must be reviewed and submitted for consideration by the Council on an annual basis. Such submission must be accompanied with a full description of the reasons for the change to the policy.

## **APPENDIX A**

### **RECONCILIATION OF CASH REQUIREMENTS**



Cash flow from operating activities		R XX
Add : Depreciation from own funds		R XX
Add : Contribution to current provisions		R XX
Add : 20% of prior year non – current provisions balance		R XX
Add : 5% of prior year non – current employee benefits balance		R XX
Add : Contribution to Valuation reserve		R XX
Add : Unspent conditional grants		R XX
Add : Unspent public contributions		R XX
Add : Unspent borrowings		R XX
Add : VAT due to SARS		R XX
Add : Secured investments		R XX
Add : Cash portion of Statutory Reserves	R XX	
Add : Working Capital Requirements		R XX
= Minimum Cash Surplus Requirements for the year		R XX

# APPENDIX K

# **GA-SEGONYANYA LOCAL MUNICIPALITY**



## **BORROWING POLICY**

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## **1. INTRODUCTION**

In terms of Chapter 6 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003), (The "Act") the Municipality may incur long- and short-term Borrowing, subject to certain conditions.

The Municipality sometimes need additional bridging funding for over short-term periods and to finance long-term projects (capital projects).

This Borrowing Policy provides for the Municipality to obtain short- and long-term Borrowing and set out all conditions under which the Municipality will be entitled to obtain such Borrowing.

**All employees of the Municipality should adhere to this policy.**

## **2. POLICY FRAMEWORK**

This policy addresses all relevant principles and processes to be followed when obtaining short- and long-term Borrowing, to ensure sufficient management of Borrowing. The policy includes the following:

- Objectives of the policy
- Due diligence
- Delegations
- Management and Internal Control Procedures
- Borrowing Management
- Types of Borrowing
- Securities for Borrowing
- Approval procedures
- Cost of Borrowing
- Competitive selection of bids
- Types of Borrowing and financing sources
- Commission and discounts
- Forbidden activities
- Reporting and monitoring of requirements
- Review of the policy

## **3. OBJECTIVES**

The objectives of this policy are to ensure optimal performance with the lowest possible risk through managing the Borrowing, and to ensure accountability, responsibility and transparency throughout the process.

#### 4. DUE DILIGENCE

Each official involved in the process of Borrowing must do so with such judgments and care, under prevailing circumstances, as a person of prudence, discretion and intelligence would exercise in managing his or her own affairs and with his or her primary goal to protect the Municipality's cash resources, the Municipality's interests with its funders, and in general the Municipality's good name.

Speculation may not be undertaken in any of the processes.

#### 5. DELEGATIONS

The management of all cash resources of the Municipality is the responsibility of the Municipal Manager. The Municipal manager will be responsible for:

- the proper implementation of this policy;
- developing of a relevant system for delegation which will ensure administrative as well as operational effectiveness; and
- appropriate controles on balancing of the managment of cash resources

The Chief Financial Officer, as designated in writing by the Municipal Manager, should advise the Municipal Manager on the exercise of powers and duties with regard to this policy, and assist the Municipal Manager in the administration of the cash resources, bank accounts and Borrowing account.

The Municipal Manager may not delegate any powers or duties in the administration of the Municipality's cash resources to any political structure or councilor and no council member is allowed to interfere or attempt to interfere in the management of the Municipality's cash resources.

Any delegation by the Municipal Manager in terms of this policy:

- Must be in writing.
- Is subject to any restrictions and conditions as the Municipal Manager shall prescribe.
- May be either to a specific individual or to the holder of a specific position in the Municipality and may not be a committee of officials.
- Can not deprive the Municipal Manager of the responsibility concerning the exercise of delegated powers or the performance of the delegated duty.

The Municipal Manager may question any decision taken as a result of a delegation or sub-delegation in terms of this policy to confirm, amend or repeal, but no such amendment or repeal of an act may be done to break down any rights that would arise as a result of the decision.



For the implementation of this policy, any reference to "Municipal Manager" also means "any other person acting under a delegated power or function as exercising delegated by the Municipal Manager in terms of paragraph 5.

## **6. MANGEMENT AND INTERNAL CONTROL PROCEDURES**

The Municipal Manager, assisted by the Chief Financial Officer must take all reasonable steps to ensure:

- That the Municipality have a managerial-, accounting- and information system to maintain all Borrowing-, accounts-, receipting-, withdrawals- and Borrowing transactions.
- That, in the case of Borrowing, amounts due been calculated on a monthly basis
- That the Municipality have a system of internal controls over bank- and Borrowing accounts, receipting-, withdrawal- and Borrowing transactions.

The Internal Audit department should advise the municipal manager and evaluate and report on compliance with the above, at least an annual basis.

## **7. BORROWING**

### **7.1. Borrowing Management**

The Municipal Manager is responsible for the administration of all Borrowing procedures and must take all reasonable steps to ensure that Borrowings are managed in compliance with all audit requirements and any legal requirements included as prescribed in the Law on Local Government: Municipal Finance Management Act, 2003 and in particular Chapter 6 of the Act.

The Municipal Manager may delegate the duties, linked to investments, as per paragraph 5 of this policy.

### **7.2. Borrowing Ethics**

All officials involved in the Borrowing management process must act with fidelity, honesty, integrity and in the best interest of the Municipality and must strive, within the sphere of influence of the officials, to prevent any impairment of the Borrowing of the Municipality and other municipalities' good name and solvency problems.

No officials involved in the Borrowing management process should use his or her position or privileges as, or confidential information obtained officials in the process for personal gain or unfair advantage to another person.

The Municipal Manager must report as soon as practicable to the Mayor as well as the National Treasury any alleged violation of the above and may also make recommendations whether the alleged offending party must be listed on the National Treasury's database of persons prohibited from doing any business with the public sector. Any such report by the Municipal Manager must complete details of

the alleged violation and a written response from the alleged offending party, as proof that the alleged offending party did receive the allegations in writing and had at least 7 (seven) working days to respond to the allegations.

Any sponsor, offered or granted to the Municipality must be immediately reported to the National Treasury.

### **7.3. Types of Borrowing**

#### **7.3.1. Short-term Borrowing**

To ensure that the Municipality has sufficient cash to meet the objectives of local government, as contained in Article 152 of the Constitution of the Republic of South Africa (Act 108 of 1996), it is sometimes necessary to obtain short-term financing in order to finance cash shortages in a financial year to cover the bridging operation and / or temporary capital financing.

Short-term Borrowings may only be incurred if the Council is convinced that it will be refunded during the financial year and a report to the Council should indicate how and when it will be repaid, with specific reference to the conditions set in Article 45 of the Act on Local Government: Municipal Finance Management Act (Act No. 56 of 2003).

No Borrowing agreement for short-term Borrowings may be incurred for a period that expires after the end of the financial year in which they are incurred. The Municipal Manager must, as part of the budgeting, determine in time whether the Council will need short term Borrowing for the new financial year ahead and take such steps to ensure that the Council could consider a Borrowing agreement before the date on which the Council will require such financing.

By considering the cash flow of the Municipality it must be provide for emergency situations that additional cash may be needed and should be kept in mind to determine whether the Council should enter into short-term Borrowings.

Nothing prevents the Municipal Manager to, if it appears that during the financial year a cash shortage arises, obtain approval from the Council for the introduction of short-term Borrowings. However if it will not be repaid in the same financial year as a result of under-performance in terms of credit or over expenditure, the Council will not be able to approve such agreement.

The conditions set out in Chapter 6 of the Act on Local Government: Municipal Finance Management, 2003 (Act No. 56 of 2003) must at all times be complied with by the Municipal Manager.

### **7.3.2. Long-term Borrowing - Capital Asset**

The Council has an obligation to acquire assets and to maintain it in order to ensure service delivery, however it is not always possible for the Council to finance these assets from its own cash reserves. It is for this purpose that the Council may incur long-term Borrowing.

No capital projects may be entered into before the financing sources have been considered, approved and are available. For the purposes of this, "available" means a legally enforceable document in the Municipality's possession that guarantees the funding. Short-term bridging finance for capital expenditure may be incurred in anticipation of the disbursement of the long-term Borrowing, provided that the long-term financing is "available" and the conditions for engaging in short-term Borrowings, as per par.7.3.1. above, are met.

The cost of long-term assets which may be incurred include capitalized interest for a reasonable time, the cost of securities, finance costs, advertising, legal, advisory, trustee, credit ratings and other costs of finance, professional services, where it directly applicable to the project and other amounts that the Minister of Finance may approve.

The terms of repayment of any Borrowing must be calculated according to the expected useful life of the assets financed with the Borrowing.

No long-term Borrowing may be incurred if it is not compatible with the Municipality's capital budget, excluded for refinancing.

### **7.3.3. Long-term Borrowing – Refinancing**

The Municipality is, in terms of Section 46 (5) of the Act on Local Government: Municipal Finance Management Act, 2003, allowed refinancing of long-term Borrowing with the aim to save on the cost of Borrowing. The Municipal Manager must, for this purpose, at least annually and as part of the budget process evaluate and report to the Council about the cost of existing Borrowing, or if the refinancing is a benefit to the Municipality. As part of the evaluation, the Municipal Manager should consider if a once-off payment at the end of the loan period would not be more favorable to the Municipality if the repayments are invested in an investment fund with reasonable projected return on such investment.

Refinancing may only be for long-term Borrowing which has been incurred lawfully in the past and with the further condition that the loan period does not exceed the expected lifespan of the assets financed thereby.

#### **7.4. Security for Borrowing**

It is common practice that investors or financiers required security for granting loans. The Municipality will provide security for the inclusion of Borrowing, as set out in section 48 of the Act on Local Government: Municipal Finance Management Act, 2003, but the Council will consider each form of security, together with the Borrowing agreement.

#### **7.5. Procedures for Borrowing approval and securities**

The procedures for approval of Borrowing and Borrowing security as defined in Chapter 6 of the Act on Local Government: Municipal Finance Management Act, 2003. For completeness of this policy is shown below:

##### **7.5.1. Short-term Borrowing**

- "45 (2) A Municipality may incur short-term Borrowing only if –
- (a) a resolution of the municipal council, signed by the mayor, has approved the Borrowing agreement; and
  - (b) The accounting officer has signed the agreement or other document which creates or acknowledges the Borrowing."

##### **7.5.2. Long-term Borrowing**

- "46 (2) A Municipality may incur long-term Borrowing only if –
- (a) A resolution of the municipal council, signed by the mayor, has approved the Borrowing agreement; and
  - (b) The accounting officer has signed the agreement or other document which creates or acknowledges the Borrowing.

(3) A Municipality may incur long-term Borrowing only if the accounting office of the Municipality –

- (a) has, in accordance with section 21A of the Municipal System Act-
  - (i) at least 21 days prior to the meeting of the council at which approval for the Borrowing is to be considered, made public an information statement setting out particulars of the proposed Borrowing, including the amount for the proposed Borrowing, the purposes for which the Borrowing is to be incurred and particular of any security to be provided; and
  - (ii) invited the public, the National Treasury and the relevant provincial treasury to submit written comments or representations to the council in respect of the proposed Borrowing; and
- (b) Has submitted a copy of the information statement to the municipal council at least 21 days prior to the meeting of the council, together

with particulars of-

- (i) The essential repayment terms, including the anticipated Borrowing repayment schedule; and
- (ii) The anticipated total cost in connection with such Borrowing over the repayment period."

### **7.5.3. Security**

"48 (3) A council resolution authorising the provision of security in terms of subsection (2) (a) –

- (a) must determine whether the asset or right with respect to which the security is provided, is necessary for providing the minimum level of basic municipal services; and
- (b) if so, must indicate the manner in which the availability of the asset or right for the provision of that minimum level of basic municipal services will be protected.

(4) If the resolution has determined that the asset or right is necessary for providing the minimum level of basic municipal services, neither the party to whom the municipal security is provided, nor any successor or assignee of such party, may, in the event of a default by the Municipality, deal with the asset or right in a manner that would preclude or impede the continuation of that minimum level of basic municipal services.

(5) A determination in terms of subsection (3) that an asset or right is not necessary for providing the minimum level of basic municipal services is binding on the Municipality until the secured debt has been paid in full or the secured obligations have been performed in full, as the case may be."

### **7.6. Cost of Borrowing**

The Municipality must guard that the cost of long-term Borrowing do not rise to such a level that it have a remarkable negative effect on taxes or other municipal charges such as maintenance. The maximum percentage of the operating budget for the repayment of Borrowing must be calculated in the Municipality's long-term budget with thorough consideration of the needs identified in the Integrated Development Plan, the cost of new or replacement of existing infrastructure and equipment and other administrative needs.

### **7.7. Competitive Bidding**

The Municipal Manager should adhere to the process as per Supply Chain policy when considering the biddings received. For purposes of marking in terms of costs, the expected interest Borrowing over the full term of the proposed Borrowing agreement calculated and used as the basis for the 80/20 and 90/10 allocations.

## **7.8. Types of Borrowing and Financing sources**

The types of Borrowing that may be incurred and the Borrowing financing of which may be incurred are as follows:

### **7.8.1. Types of Short-term Borrowing**

- Bank overdraft
- Short Term Loans
- Marketable Bonds
- Non-Marketable Bonds
- Other Securities

### **7.8.2. Types of Long-term Borrowing**

- Long-Term Loans
- Installment Credits
- Finance Leasing
- Marketable Bonds
- Non-Marketable Bonds
- Other Securities

### **7.8.3. Financing Sources**

- Public
- Banks
- Development Bank of South Africa
- Infrastructure Finance Corporation
- Public Investment Commissioners
- Insurance Companies
- Municipal Pension Funds
- Other Public Pension Funds
- Bond Trusts
- Internal Funds
- Other Sources

## **7.9. Commission or Cost**

No Commission is payable to an officer or board member, or spouse to, business partner or immediate relative of an officer or board member by an institution, investors or financiers, for any reference made by them.



Any commission, fee or other compensation paid to any person by an institution must certify to the Municipality by the institution through a certificate. Any quotation / tender to the Municipality given by an institution must be net of fees, commissions or rewards, but also need to include commission, rewards or costs, that will be paid in respect of the Borrowing.

#### **7.10. Performance**

The Municipal Manager must annually measure and report to the Council on the performance of its Borrowing in terms of the stipulated objectives of this policy.

#### **7.11. Forbidden activities**

- No Borrowing may be made otherwise than in the name of the Municipality.
- Money cannot be borrowed for the purpose of investments.
- No person, including officers and board members, may interfere or attempt to interfere in the management of fault attributed to the Municipal Manager or persons delegated by the Municipal Manager.
- No Borrowing may be made in any other currency than the Rand, and that is not linked, or is affected by any change in the value of the Rand against any foreign currency.
- No Borrowing shall be made for expenses not related to the functions and powers of the Municipality.

#### **7.12. Reporting**

The Municipal Manager must within 10 working days after the end of each quarter furnish the Mayor with a report setting out the detail of each Borrowing portfolio.

The above report must be in the format provided by National Treasury for reporting and monitoring of Borrowing..

### **8. Review of the Policy**

This Borrowing Policy is the only policy of the Municipality and replaces any past policies in this regard. Any revision of the policy must be approved by the Municipal Council.

All proposed changes to this policy should be tabled by the Mayor as part of the annual review of policies and budget documentation.

Whenever the Minister of Finance or the National Treasury or the Auditor – General requests changes to the policy by way of legislation, changes to GRAP or otherwise, it must be reviewed and submitted for consideration by the Council. Such submission must be accompanied with a full description of the reasons for the change to the policy.

# APPENDIX L

# **GA-SEGONYANA LOCAL MUNICIPALITY**



## **CASH MANAGEMENT AND INVESTMENT POLICY**

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## **CASH MANAGEMENT AND INVESTMENT POLICY**

### **1. INTRODUCTION**

In terms of Section 13(2) of the Local Government: Municipal Finance Management Act, 2003 (Act No.56 of 2003)"(The Act)", the municipality must establish an appropriate and effective cash management and investment policy with the implementation date being 1 July 2004. The policy must comply with any prescribed framework, which framework was issued by the Minister of Finance by means of Regulation R 308 of 1 April 2005 as gazetted in the Government Gazette No 27431 of 1 April 2005.

The municipality shall at all times manage its banking arrangements and investments and conduct its cash management policy in compliance with the provisions of and any further prescriptions made by the Minister of Finance in terms of the Municipal Finance Management Act No. 56 of 2003.

### **2. SCOPE**

In order to ensure sound and sustainable management of the cash resources of the municipality this policy addresses all principles and processes involved in cash management and investments and includes:

- The objectives of the policy;
- Standard of care;
- Delegation of authority;
- Management and internal control procedures;
- Cash flow budgeting;
- Receipting and banking of cash;
- Payments;
- Short and long term debt and debt restructuring;
- Investment ethics, principles and practices;
- Reporting and monitoring requirements;
- Performance standards and measurement;
- Review of the policy.

### **3. OBJECTIVES**

The objectives of the policy are to ensure optimal performance with the least possible risk, in managing and investing, the cash resources of the municipality and to ensure transparency, accountability and appropriate lines of responsibility in the process.

### **4. STANDARD OF CARE**

Each functionary in the cash management and investment process must do so with such judgment and care, under the prevailing circumstances, as a person of prudence, discretion and intelligence would exercise in the management of his or her own affairs and with his or her primary regard being to the probable safety of his or her own capital, in the second instance to his or her liquidity needs and lastly to the probable income derived.

Speculation may not be undertaken in any of the processes.

## CASH MANAGEMENT AND INVESTMENT POLICY

### 5. DELEGATION OF AUTHORITY

The management of all the cash resources of the municipality is the responsibility of the Municipal Manager who must, for the proper application of this policy, develop an appropriate system of delegation that will both maximise administrative and operational efficiency and provide adequate checks and balances in the management of the cash resources.

The Chief Financial Officer, as designated in writing by the Municipal Manager, must advise the Municipal Manager on the exercise of the powers and duties with regards to this policy and must assist the Municipal Manager in the administration of the cash resources, the bank accounts and the investment accounts. The Chief Financial Officer may not sub – delegate the duty to assist the Municipal Manager in the administration of the municipality's bank and investment accounts.

The delegation to withdraw money from the municipality's bank or investment accounts may only be given to the Chief Financial Officer or any other senior financial officer as determined, in writing, by the Municipal Manager and of which a copy, signed by the Municipal Manager, must be kept with the official set of delegations of the municipality.

The Municipal Manager may not delegate any power or duty in the administration of the municipality's cash resources to a political structure or councilor and no councilor is allowed to interfere or attempts to interfere in the management of the municipality's cash resources.

Any delegation by the Municipal Manager in terms of this policy:

- Must be in writing
- Is subject to any limitations and conditions as the Municipal Manager may impose
- May either be to a specific individual or to the holder of a specific post in the municipality and may not be to a committee of officials
- Does not divest the Municipal Manager of the responsibility concerning the exercise of the delegated power or the performance of the delegated duty.

The Municipal Manager may confirm, vary or revoke any decisions taken in consequence of a delegation or sub – delegation in terms of this policy, but no such variation or revocation of a decision may detract from any rights that may have accrued as a result of the decision.

For the application of this policy any referral to "Municipal Manager" also means "Any other person acting under a delegated power or performs a function delegated by the Municipal Manager" in terms of paragraph 5.



## **CASH MANAGEMENT AND INVESTMENT POLICY**

### **6. MANAGEMENT AND INTERNAL CONTROL PROCEDURES**

The Municipal Manager, assisted by the Chief Financial Officer, must take all reasonable steps to ensure:

- That the municipality has and maintains a management, accounting and information system that accounts for all bank and investment accounts, receipting, withdrawals, cash management and investment transactions
- That, in the case of investments, such investments are valued in accordance with standards of generally recognised accounting practices
- That, in the case of investments, revenue due is calculated on a monthly basis
- That the municipality has and maintains a system of internal control over its bank and investment accounts, receipting, withdrawals, cash management and investment transactions

The Internal Audit unit must advise the Municipal Manager and evaluate and report on compliance with the above, at least on an annual basis.

### **7. CASH MANAGEMENT**

#### **7.1. BANK ACCOUNT ADMINISTRATION**

The Municipal Manager is responsible for the administration of the municipality's bank accounts including the opening of the bank accounts, the designation of the primary bank account and all banking and withdrawal procedures. The bank account may only be managed in accordance with any auditing requirements as well as any legal requirements including as prescribed in the Local Government: Municipal Finance Management Act, 2003 and in particular Chapter 3 of the Act as well as section 64 of the Act.

The Municipal Manager may delegate the duties of the administration of the bank accounts as per paragraph 5 of this policy.

#### **7.2. RECEIPTING MANAGEMENT**

The Municipal Manager is responsible for the administration of all receipting procedures and must take all reasonable steps to ensure receipting is being managed in accordance with any auditing requirements as well as any legal requirements including as prescribed in the Local Government: Municipal Finance Management Act, 2003 and in particular Section 64 of the Act.

The Municipal Manager may delegate the duties of receipting as per paragraph 5 of this policy.

## **CASH MANAGEMENT AND INVESTMENT POLICY**

### **7.3. EXPENDITURE MANAGEMENT**

The Municipal Manager is responsible for the administration of all expenditure procedures and must take all reasonable steps to ensure expenditure is being managed in accordance with any auditing requirements as well as any legal requirements including as prescribed in the Local Government: Municipal Finance Management Act, 2003 and in particular Section 65 of the Act.

The Municipal Manager may delegate the duties of expenditure as per paragraph 5 of this policy.

### **7.4. WITHDRAWALS**

The Municipal Manager is responsible for the administration of all withdrawals procedures and must take all reasonable steps to ensure withdrawals are being managed in accordance with any auditing requirements as well as any legal requirements including as prescribed in the Local Government: Municipal Finance Management Act, 2003 and in particular Section 11 of the Act.

The Municipal Manager may delegate the duties of withdrawals as per paragraph 5 of this policy.

### **7.5. DEBT**

In order to ensure adequate cash – flow the municipality may incur short-term debt for operational or capital expenditure – or long term debt for only capital expenditure, provided that the Council approves all debt agreements, the Mayor must sign the resolutions approving the debt agreements and the Municipal Manager signed the debt agreements.

The municipality is, in terms of Section 46(5) of the Local Government: Municipal Finance Management Act, 2003, allowed refinancing its long – term debt for the purpose of saving on the cost of debt. The Municipal Manager must, for this purpose, at least annually and as part of the budget process evaluate and report to the Council on the cost of existing debt and whether re-financing such debt will be beneficial to the municipality. As part of the evaluation the Municipal Manager must determine the types of repayments and whether bullet payments at the end of the debt period and the reasonably determined nett cost thereof will not be more beneficial to the Council if the repayments are invested in sinking funds and the reasonable projected yield on the investments are being brought into account.

The Municipal Manager is responsible for the administration of all debt procedures and must take all reasonable steps to ensure debt is being managed in accordance with any auditing requirements as well as any legal requirements including as prescribed in the Local Government: Municipal Finance Management Act, 2003 and in particular Chapter 6 of the Act.

## **CASH MANAGEMENT AND INVESTMENT POLICY**

The Municipal Manager may delegate the duties of debt management as per paragraph 5 of this policy.

### **7.6. CASH FLOW BUDGET**

In order to ensure that the municipality has sufficient cash available to comply with the municipality's commitments to its lenders, creditors, statutory payments and any other commitments, it is necessary to annually compile and submit to Council, as part of the budget documentation, a cash-flow projection for the budget year by revenue-source, broken down per month.

### **7.7. WORKING CAPITAL MANAGEMENT**

The Municipal Manager must take all reasonable steps to ensure that the municipality obtains maximum performance on its assets and for this purpose the working capital of the municipality must as far as possible be managed to the maximum benefit of the municipality.

An acceptable level for the Working Capital Reserve is 2:1 or better and the Municipal Manager must take all reasonable steps to ensure that the level is being maintained. In calculating the level, outstanding debtors for a period longer than 90 days as well as any unutilised conditional grants and allocations must be deducted from the current assets and liabilities and inventories must be brought into account at the lower of cost and nett realisable value. The exercise to provide for a sufficient level of working capital must be done as part of the budget process in order to budget accordingly.

In order to achieve the objectives of Working Capital Management inventory levels for own use must be kept as low as possible, creditors must be paid within 30 days of date of receipt of invoice or statement, whichever is the latest or applicable but as late as possible but with due regards to possible discounts on offer and all steps, consistent with the Council's Credit Control and Debt Collection Policy, must be taken to recover moneys due to the municipality.

The Municipal Manager must, as part of the monthly reporting to the Mayor within 10 working days of the end of each month, report on:

- The combined nett balance of the bank and investment accounts of the municipality excluding any balances of unutilised conditional grants, trust moneys kept in accordance with trust deeds, Sinking Fund Investments made in accordance with any loan- or other agreements with investors/lenders, other conditional funds for which moneys were received in accordance with Section 12 of the Act, Debt Guarantee Reserve Funds and other cash- backed funds for which spending authority must be obtained from other persons or spheres of government.
- Whether the above nett balance is sufficient to make a payment of at least 2% of the operating budget of the municipality.

## CASH MANAGEMENT AND INVESTMENT POLICY

- Whether all commitments and accounts had and can be paid on time from the nett balance above and nett realisable accounts receivable.
- Whether there is a nett outflow of cash not in accordance with the cash-flow budget.
- Whether all of the above might cause a financial problem on which the Mayor must act in accordance with the provisions of the Act.

The Mayor must, within 30 days of the end of each quarter, report to the municipal council on the above, and, in the case of identifying a financial problem, promptly inform the council and act in accordance with the provisions of the Act.

The Municipal Manager may delegate the duties of working capital management as per paragraph 5 of this policy.

## 8. INVESTMENTS

### 8.1. INVESTMENT MANAGEMENT

The Municipal Manager is responsible for the administration of all investment procedures and must take all reasonable steps to ensure investments are being managed in accordance with any auditing requirements as well as any legal requirements including as prescribed in the Local Government: Municipal Finance Management Act, 2003 and in particular Section 13 of the Act.

The Municipal Manager may delegate the duties of investments as per paragraph 5 of this policy.

In order to ensure that the Municipal Manager or any person delegated in terms of paragraph 5 complies with this policy in terms of investments and to capacitate the municipality further, the Municipal Manager may contract an Investment Manager who is a natural person or legal entity that is a portfolio manager registered in terms of the Financial Markets Control Act (Act No. 55 of 1989) and Stock Exchanges Control Act (Act No. 1 of 1985). The Investment Manager must advise the Municipal Manager or delegated officials on investments and may manage investments on the municipality's behalf, subject to any conditions and controls the Municipal Manager may determine.

## **CASH MANAGEMENT AND INVESTMENT POLICY**

### **8.2. INVESTMENT ETHICS**

All functionaries in the investment management process must act with fidelity, honesty, integrity and in the best interest of the municipality and must seek, within the spheres of influence of the functionaries, to prevent any prejudice to the investments of the municipality.

No functionaries in the investment management process may use their position or privileges of, or confidential information obtained as, functionary in the process for personal gain or to improperly benefit another person.

No person contracted by the municipality for the purpose of investments or no person submitting quotes, bids or any other means of competitive submissions may, either directly or through a representative or intermediary promise, offer or grant any reward, gift, sponsorships, loan, bursary, favour or hospitality to –

- Any official, spouse or close family member of such official or spouse;
- Any councilor, spouse or close family member of such councilor or spouse.

The Municipal Manager must promptly report to the Mayor and National Treasury's any alleged contravention of the above and may make recommendations as to whether the alleged offending party should be listed on the National Treasury database of persons prohibited from doing business with the public sector. Any such report by the Municipal Manager must give full details of the alleged breach and a written response from the alleged offending party, as well as proof that the alleged offending party received the allegations in writing and were given at least 7 (seven) working days to respond, in writing, to the allegations.

Any sponsorship promised, offered or granted to the municipality must promptly be disclosed to the National Treasury.

### **8.3. INVESTMENT OBJECTIVES**

#### **8.3.1. SECURITY**

The first and foremost objective for investments is the preservation and safety of the principal amount invested. It is a requirement of this municipality that investments may only be made with institutions with a credit – worthy rating of A 1 and better. Any investments made must be liquidated immediately if an institution's credit – worthy rating falls below the level of A 1.



## **CASH MANAGEMENT AND INVESTMENT POLICY**

### **8.3.2. LIQUIDITY**

The cash – flow budget must be used as an instrument in determining liquidity needs. Other factors such as the payment runs for creditors, dates for salary and statutory payments and dates for debt repayments must also be brought into account to ensure cash requirements, and resultant investment periods, are being calculated to such an extent that maximum yield on surplus cash can be obtained.

### **8.3.3. YIELD**

It is necessary to ensure optimal yield on the municipality's investments, but a higher yield should never increase the risk of preservation and safety of the principal amount invested or not meeting cash – flow requirements. Where an institution has a sudden increase above the average market increase in investment returns, the Municipal Manager must determine whether the institution is in liquidity or financial problems, and in such an instance liquidate the investments with such an institution as soon as possible.

## **8.4. TYPES OF INVESTMENT ACCOUNTS**

The following cash – backed investment accounts should be established:

- General surplus cash
- Asset financing reserve fund
- Accumulated leave fund
- Trust funds where a trust- deed exist
- "Allocation " funds as described in Section 1 of the Local Government: Municipal Finance Management Act, 2003, but excludes the equitable share
- Sinking funds, if applicable
- Debt guarantee reserve fund, if applicable
- Post retirement benefits funds
- Self – insurance reserve
- Housing development funds

Where a Trust Deed prescribes how the trust money is to be invested, the prescriptions in the Trust Deed will prevail over this policy.

It is a general principle, the higher the investment the better the yield, and for this purpose the Municipal Manager should combine as much cash allocated to the above funds as possible, and invest it together. Yield should then be allocated according to the capital of the individual cash – backed funds, through the Statement of Financial Performance.



## **CASH MANAGEMENT AND INVESTMENT POLICY**

### **8.5. APPROVED INVESTMENTS**

Investments should be structured according to the best yield available and the liquidity needs of the municipality. This can include Call Deposits, Fixed Term Deposits and Endowment Policies for the purpose of Sinking Funds only. Sinking funds must be created for the purpose of bullet – payment loans and to provide for future commitments such as building enough cash to be able to cover post – retirement benefits in full.

### **8.6. QUALIFIED INSTITUTIONS**

It is of utmost importance that the investments only be placed with credit – worthy institutions approved by with a credit – rating of A 1 and better.

The following investments are permitted:

- Securities issued by National Government
- Listed corporate bonds with an investment grade rating from a nationally or an internationally recognised credit rating agency
- Deposits with banks registered in terms of the Banks Act, 1990 (Act 94 of 1990)
- Deposits with the Public Investment Commissioners as contemplated by the Public Investment Commissioners Act, 1984 (Act 45 of 1984)
- Deposits with the Corporation for Public Deposits as contemplated by the Corporation for Public Deposits Act, 1984 (Act 46 of 1984)
- Banker's acceptance certificates or negotiable certificates of deposit of banks registered in terms of the Banks Act, 1990 (Act 94 of 1990)
- Guaranteed endowment policies with the intention of establishing a sinking fund
- Repurchase agreements with banks registered in terms of the Banks Act, 1990 (Act 94 of 1990)
- Municipal Bonds issued by the municipality
- Any other as might be approved by the Minister of Finance

### **8.7. INVESTMENT DIVERSIFICATION**

Without limiting the Municipal Manager to any specific amount or percentage of investments, it is hereby established that investments made by the municipality should be diversified as much as possible between different institutions, maturity dates and types, but nothing prevents the Municipal Manager from investing more cash with an institution than by another institution with due regards to the standard of care and objectives set in this policy.

The Municipal Manager may delegate the duties of investment diversification as per paragraph 5 of this policy.

## **CASH MANAGEMENT AND INVESTMENT POLICY**

### **8.8. COMPETITIVE SELECTION OF BIDS OR OFFERS**

In establishing where investments must be made, at least 2 (two) written quotations must be obtained by the Municipal Manager from any of the institutions listed in paragraph 8.6 above. The Municipal Manager may not divulge interest rates to other institutions during the quotation process. If Investments Managers use treasury desks for the purpose of obtaining quotations, the quotations, with a written reason why a specific institution was chosen if the yield is lower than that of another institution, must be forwarded to the Municipal Manager, who must evaluate the reasons and issue such instructions as deemed necessary.

The Municipal Manager may delegate the duties of competitive selection of bids or offers as per paragraph 5 of this policy.

### **8.9. COMMISSIONS OR COSTS**

No commission for investments made or referred is payable to an official or councilor, or spouse, business partner or close family member of an official or councilor by an institution or investment manager.

Any commissions, other rewards or costs paid to an investment manager by an institution must be declared to the municipality by the institution and Investment Manager by way of certificates. Any quotation given to the municipality by an institution or Investment Manager must be net of costs, rewards or commissions, but must also indicate the commissions, rewards or costs which will be paid in respect of the investments.

### **8.10. PERFORMANCE**

The Municipal Manager must annually measure and report to the Council on the performance of it's:

- Investments in terms of the stipulated objectives of this policy
- Investment Managers in terms of the stipulated objectives of this policy

The measurement must be done by way of taking into consideration the performance of surrounding municipalities on its investments.

### **8.11. FORBIDDEN ACTIVITIES**

- No investments may be made other than in the name of the municipality
- Money may not be borrowed for the purpose of investments
- No person, including officials and councilors, may interfere or attempts to interfere in the management of investments entrusted to the Municipal Manager or persons delegated by the Municipal Manager including with the Investment Managers.

## **CASH MANAGEMENT AND INVESTMENT POLICY**

- No investments may be made other than be denominated in Rand and which is not indexed to, or affected by, any fluctuations in the value of the Rand against any foreign currency.

### **8.12. REPORTING**

The Municipal Manager must, in addition to the reporting in paragraph 7.7 above, within 10 working days of the end of each month submit to the Mayor a report describing in detail the investment portfolio of the municipality as at the end of the month.

The report referred to above must contain at least a statement, prepared in compliance with generally accepted municipal accounting principles, as amended from time to time, that gives the

- Beginning market value of each investment for the month
- Additions and changes to the investment portfolio for the month
- Ending market value of each investment for the month
- Fully accrued interest/yield for the month including interest/yield capitalised or paid out

The Municipal Manager, in making investments, must remind the relevant institutions of the institutions' legal reporting responsibilities in terms of Section 13 (3) and 13 (4) of the Local Government: Municipal Finance Management Act, 2003 and must get a certificate from the institutions that the institutions will comply with the Act. A single certificate per institution for any current and future investments may be obtained and must be kept on the municipality's investment file.

The Municipal Manager may delegate the duties of reporting as per paragraph 5 of this policy.

## **9. REVIEW OF THE POLICY**

This Cash Management and Investment Policy is the sole policy governing cash management and investments in the municipality. Any reviews to this policy must be approved by the Municipal Council.

The Mayor must submit any proposed changes to this policy to the Council as part of the annual review of policies submitted with the budget documentation.

Whenever the Minister of Finance or the National Treasury or the Auditor-General requires changes to the policy by means of legislation or requests it should be reviewed promptly in accordance with such requirements, giving full details of the reasons for the revision.

## **CASH MANAGEMENT AND INVESTMENT POLICY**

### **ANNEXURE A: PARAPHRASE OF REQUIREMENTS OF MUNICIPAL FINANCE MANAGEMENT ACT, NO 56 OF 2003**

Note: In terms of Section 60(2) of the Municipal Systems Act No. 32 of 2000 the council may delegate the authority to take decisions on making investments on behalf of the municipality only to the executive mayor, executive committee or chief financial officer. The foregoing policy is based on the assumption that such authority has been delegated to the chief financial officer. The chief financial officer shall at all times manage the investments in compliance with the provisions of and any further prescriptions made by the Minister of Finance in terms of the Municipal Finance Management Act No 56 of 2003.

#### **SECTION 7: OPENING OF BANK ACCOUNTS**

Every municipality must open and maintain at least one bank account. This bank account must be in the name of the municipality, and all monies received by the municipality must be paid into this bank account or accounts, promptly and in accordance with any requirements that may be prescribed.

A municipality may not open a bank account:

- otherwise than in the name of the municipality;
- abroad; or
- with an institution not registered as a bank in terms of the Banks Act 1990.

Money may be withdrawn from the municipality's bank account only in accordance with the requirements of Section 11 of the present Act.

#### **SECTION 8: PRIMARY BANK ACCOUNT**

Every municipality must have a primary bank account, and if the municipality has only one bank account that account is its primary bank account. If the municipality has more than one bank account, it must designate one of those bank accounts as its primary bank account.

The following must be paid into the municipality's primary account:

- all allocations to the municipality;
- all income received by the municipality on its investments;
- all income received by the municipality in connection with its interest in any municipal entity;
- all money collected by a municipal entity or other external mechanism on behalf of the municipality, and;
- any other monies as may be prescribed.

The accounting officer of the municipality must submit to the national treasury, the provincial treasury and the Auditor-General, in writing, the name of the bank where the primary bank

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account of the municipality is held, and the type and number of the account. If the municipality wants to change its primary bank account, it may do so only after the accounting officer has informed the national treasury and the Auditor-General, in writing, at least 30 days before making such change.

### **SECTION 9: BANK ACCOUNT DETAILS TO BE SUBMITTED TO PROVINCIAL TREASURIES AND AUDITOR-GENERAL**

The accounting officer of the municipality must submit to the provincial treasury and to the Auditor-General, in writing, within 90 days after the municipality has opened a new bank account, the name of the bank where the account has been opened, and the type and number of the account; and annually, before the start of each financial year, the name of each bank where the municipality holds a bank account, and the type and number of each account.

### **SECTION 10: CONTROL OF MUNICIPAL BANK ACCOUNTS**

The accounting officer of the municipality must administer all the municipality's bank accounts, is accountable to the municipal council for the municipality's bank accounts, and must enforce compliance with Sections 7, 8 and 11 of the present Act.

The accounting officer may delegate the duties referred to above only to the municipality's chief financial officer.

### **SECTION 11: WITHDRAWALS FROM MUNICIPAL BANK ACCOUNTS**

Only the accounting officer or the chief financial officer of the municipality (presumably where this power has been appropriately delegated), or any other senior financial official of the municipality acting on the written authority of the accounting officer, may withdraw money or authorise the withdrawal of money from any of the municipality's bank accounts. Such withdrawals may be made only to:

- defray expenditure appropriated in terms of an approved budget;
- defray expenditure authorised in terms of Section 26(4) (this Section deals with situations in which the budget was not timeously approved, and the province has been compelled to intervene);
- defray unforeseeable and unavoidable expenditure authorised in terms of Section 29(1);
- in the case of a bank account opened in terms of Section 12, make payments from the account in accordance with Section 12(4);
- pay over to a person or organ of state money received by the municipality on behalf of such person or organ of state, including money collected by the municipality on behalf of such person or organ of state by agreement, or any insurance or other payments received by the municipality for such person or organ of state;
- refund money incorrectly paid into a bank account;
- refund guarantees, sureties and security deposits;
- make investments for cash management purposes in accordance with Section 13;
- defray increased expenditure in terms of Section 31; or



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- for such other purposes as may be prescribed.

(Note that Section 11(1) does not expressly provide for the withdrawal of monies to pay creditors, where the relevant obligations arose in terms of the previous budget; to repay loans; or to repay consumer deposits).

Any authorisation to a senior financial official to withdraw money or to authorise the withdrawal of money from a bank account must be in accordance with the framework as may be prescribed. The accounting officer may not authorise any official other than the chief financial officer to withdraw money or to authorise the withdrawal of money from the municipality's primary bank account if the municipality has a primary bank account, which is separate from its other bank accounts.

The accounting officer must, within 30 days after the end of each quarter, table in the council a consolidated report of all withdrawals made other than withdrawals to defray expenditure appropriated in terms of the approved budget, and submit a copy of the report to the relevant provincial treasury and the Auditor-General.

### **SECTION 12: RELIEF, CHARITABLE, TRUST OR OTHER FUNDS**

No political structure or office bearer of the municipality may set up a relief, charitable, trust or other fund of whatever description, except in the name of the municipality. Only the municipal manager may be the accounting officer of any such fund.

A municipality may open a separate bank account in the name of the municipality for the purpose of such relief, charitable, trust or other fund. Money received by the municipality for the purpose of such fund must be paid into the bank account of the municipality, or if a separate bank account has been opened for such fund, into that account.

Money in a separate account opened for such fund may be withdrawn from the account without appropriation in terms of the approved budget, but only by or on the written authority of the accounting officer, acting in accordance with decisions of the council, and for the purposes for which, and subject to any conditions on which, the fund was established or the money in the fund was donated.

### **SECTION 13: CASH MANAGEMENT AND INVESTMENTS**

The Minister, acting with the concurrence of the cabinet member responsible for local government, may prescribe a framework within which municipalities must conduct their cash management and investments, and invest money not immediately required.

A municipality must establish an appropriate and effective cash management and investment policy in accordance with any framework that may be so prescribed.

A bank where the municipality at the end of the financial year holds a bank account, or held a bank account at any time during such financial year, must, within 30 days after the end of such financial year, notify the Auditor-General, in writing, of such bank account, indicating the type and number of the account, and the opening and closing balances of that account in



## **CASH MANAGEMENT AND INVESTMENT POLICY**

that financial year. The bank must also promptly disclose any information regarding the account when so requested by the national treasury or the Auditor-General.

A bank, insurance company or other financial institution which the end of the financial year holds, or at any time during the financial year held, an investment for the municipality, must, within 30 days after the end of that financial year, notify the Auditor-General, in writing, of that investment, including the opening and closing balances of that investment in that financial year. Such institution must also promptly disclose any information regarding the investment when so requested by the national treasury or the Auditor-General.

## **SECTION 17: CONTENTS OF ANNUAL BUDGETS AND SUPPORTING DOCUMENTS**

The following documents must accompany each tabled draft annual budget (inter alia):

- a projection of cash flows for the budget year by revenue source, divided into calendar months
- particulars of the municipality's investments.

## **SECTION 22: PUBLICATION OF ANNUAL BUDGETS**

The accounting officer must make public, immediately after a draft annual budget is tabled, the budget itself and all the prescribed supporting documents, and invite comments from the local community in connection with such budget (and documents).

## **SECTION 37: PROMOTION OF CO-OPERATIVE GOVERNMENT BY MUNICIPALITIES**

In order to enable municipalities to include allocations from other municipalities in their budgets and to plan effectively for the spending of such allocations, the accounting officer of every municipality responsible for the transfer of any allocation to another municipality, must, by no later than 120 days before the start of its budget year, notify the receiving municipality of the projected amount of any allocation proposed to be transferred to that municipality during each of the next 3 financial years.

## **SECTION 45: SHORT-TERM DEBT**

The municipality may incur short-term debt only in accordance with and subject to the provisions of the present Act, and only when necessary to bridge shortfalls within a financial year during which the debt is incurred, in expectation of specific and realistic income to be received within that financial year; or to bridge capital needs within a financial year, to be repaid from specific funds to be received from enforceable allocations or long-term debt commitments.

The council may approve a short-term debt transaction individually, or may approve an agreement with a lender for a short-term credit facility to be accessed as and when required, including a line of credit or bank overdraft facility, provided that the credit limit must be specified in the resolution of the council; the terms of the agreement, including the credit limit, may be changed only by a resolution of the council; and if the council approves a credit

## **CASH MANAGEMENT AND INVESTMENT POLICY**

facility limited to emergency use, the accounting officer must notify the council in writing as soon as practicable of the amount, duration and cost of any debt incurred in terms of such a credit facility, as well as the options available for repaying such debt.

The municipality must pay off short-term debt within the financial year in which it was incurred, and may not renew or refinance short-term debt, whether its own debt or that of any municipal entity, where such renewal or refinancing will have the effect of extending the short-term debt into a new financial year.

### **SECTION 46: LONG-TERM DEBT**

A municipality may incur long-term debt only in accordance with and subject to any applicable provisions of the present Act, and only for the purpose of capital expenditure on property, plant or equipment to be used for the purpose of achieving the objects of local government as set out in Section 152 of the Constitution; or refinancing existing long-term debt subject to the requirements of Section 46(5).

### **SECTION 47: CONDITIONS APPLYING TO BOTH SHORT-TERM AND LONG-TERM DEBT**

The municipality may incur debt only if the debt is denominated in rand and is not indexed to, or affected by, fluctuations in the value of the rand against any foreign currency.

### **SECTION 64: REVENUE MANAGEMENT (EXCERPTS)**

The accounting officer of the municipality is responsible for the management of the revenue of the municipality.

The accounting officer, must, among other things, take all reasonable steps to ensure that all money received is promptly deposited in accordance with the requirements of the present Act into the municipality's primary and other bank accounts.

The accounting officer must also ensure that all revenue received by the municipality, including revenue received by any collecting agent on its behalf, is reconciled on at least a weekly basis.

The accounting officer must take all reasonable steps to ensure that any funds collected by the municipality on behalf of another organ of state are transferred to that organ of state at least on a weekly basis, and that such funds are not used for purposes of the municipality.

## **CASH MANAGEMENT AND INVESTMENT POLICY**

### **SECTION 65: EXPENDITURE MANAGEMENT (EXCERPTS)**

The accounting officer of the municipality is responsible for the management of the expenditure of the municipality.

The accounting officer must take all reasonable steps to ensure, among other things, that payments made by the municipality are made direct to the person to whom they are due, unless agreed otherwise for reasons as may be prescribed, and either electronically or by way of non-transferable cheques, provided that cash payments and payments by way of cash cheques may be made for exceptional reasons only, and only up to a prescribed limit.

The accounting officer must also ensure that all money owing by the municipality is paid within 30 days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure.

The accounting officer must further ensure that the municipality's available working capital is managed effectively and economically in terms of the prescribed cash management and investment framework.

## CASH MANAGEMENT AND INVESTMENT POLICY

### ANNEXURE B: CODE OF PRACTICE IN REGARD TO PAYMENTS, REVENUE COLLECTION AND STORES

#### 1. Payments

- 1.1 All payments shall be made through the municipality's bank account(s).
- 1.2 The chief financial officer shall draw all cheques on this account, and shall, in consultation with the municipal manager and with due regard to the council's policy on banking and investments, determine the rules and procedures relating to the signing of cheques, and from time to time jointly with the municipal manager decide on appropriate signatories.
- 1.3 All requests for payments of whatever nature shall be submitted on payment vouchers, the format of which shall be determined by the chief financial officer. Such vouchers shall be authorised in terms of such rules and procedures as are determined from time to time by the chief financial officer.
- 1.4 The maximum amount and nature of petty disbursements, where not covered by the general buying procedures referred to in Section 2, shall be generally determined from time to time by the chief financial officer. No cash float shall be operated without the authority of the chief financial officer, who may prescribe such procedures relevant to the management of such float as are considered necessary.
- 1.5 The chief financial officer shall be responsible for the payment of all salaries and remuneration benefits to employees and councillors, and for the determination of the payment system to be used.
- 1.6 Cash payments/wages of non-permanent employees shall be paid out by a security firm registered with the appropriate regulatory body/s and to whom services is acquired through the Supply Chain Management of the Municipality. A proper agreement shall be entered into to regulate the services provided.

#### 2. Revenue and Cash Collection

- 2.1 Every head of department shall be responsible for the collection of all moneys falling within the ambit and area of his or her designated functions.
- 2.2 The chief financial officer shall ensure that all revenues are properly accounted for.

## **CASH MANAGEMENT AND INVESTMENT POLICY**

- 2.3 The collection of all arrear revenues and the control of arrear accounts shall be co-ordinated by the chief financial officer in terms of any policies determined by the council. If it is clear that any revenues are not recovered or likely to be recovered after the necessary steps have been taken, the chief financial officer shall report the matter adequately and timeously to the accounting officer and council.
- 2.4 The chief financial officer shall ensure that adequate provision is maintained to cover the writing off of irrecoverable revenues, having due regard to the council's policy on rates and tariffs.

### **3. Banking of Receipts**

- 3.1 Guidelines and procedures for the banking of cheques and other receipts shall, if necessary, be determined from time to time by the chief financial officer.
- 3.2 Where applicable, every head of department shall ensure that all revenues are banked daily with the municipality's banker(s), or less frequently if so approved by the chief financial officer.
- 3.3 Banking of receipts shall be handled by a security firm registered with the appropriate regulatory body/s and from whom services is acquired through the Supply Chain Management. A proper agreement shall be entered into to regulate the services provided.

## **4 Cash Management**

### **4.1 Cash Collection**

All monies due to the municipality must be collected as soon as possible, either on or immediately after due date, and banked on a daily basis. The monies collected at Van Zylsrus must be banked at least once a month.

The respective responsibilities of the chief financial officer and other heads of departments in this regard is defined in a code of financial practice approved by the municipal manager and the chief financial officer, and this code of practice is attached as Annexure II to this policy.

The unremitting support of and commitment to the municipality's credit control policy, both by the council and the municipality's officials, is an integral part of proper cash collections, and by approving the present policy the council pledges itself to such support and commitment.

### **4.2 Payments to Creditors**

The chief financial officer shall ensure that all tenders and quotations invited by and contracts entered into by the municipality stipulate payment terms

## CASH MANAGEMENT AND INVESTMENT POLICY

favourable to the municipality, that is, payment to fall due not sooner than the conclusion of the month following the month in which a particular service is rendered to or goods are received by the municipality. This rule shall be departed from only where there are financial incentives for the municipality to effect earlier payment, and the chief financial officer shall approve any such departure before any payment is made. (Delegated by Accounting Officer to CFO.)

In the case of small, micro and medium enterprises, where such a policy may cause financial hardship to the contractor, payment may be effected at the conclusion of the month during which the service is rendered or within fourteen days of the date of such service being rendered, whichever is the later. The chief financial officer shall approve any such early payment before any payment is made. (Delegated by Accounting Officer to CFO.)

Notwithstanding the foregoing policy directives, the chief financial officer shall make full use of any extended terms of payment offered by suppliers and not settle any accounts earlier than such extended due date, except if the chief financial officer determines that there are financial incentives for the municipality to do so. (Delegated by Accounting Officer to CFO.)

The chief financial officer shall not ordinarily process payments, for accounts received, more than once in each calendar month, such processing to take place on or about the end of the month concerned. Wherever possible, payments shall be effected by means of electronic transfers rather than by cheques. (Delegated by Accounting Officer to CFO.)

Special payments to creditors shall only be made with the express approval of the chief financial officer, who shall be satisfied that there are compelling reasons for making such payments prior to the normal month end processing. (Delegated by Accounting Officer to CFO.)



# APPENDIX M



# **GA-SEGONYANA MUNICIPALITY**



## **FINAL UNCLAIMED DEPOSIT POLICY**

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**MR G.E NTEFANG  
MUNICIPAL MANAGER**

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**CLLR. N.G MASEGELA  
MAYOR**

Authority	Date
HOD Approval	
MM Approval	
Council Approval	
Date of next Review	

#### Approval of Policy

Please note that the implementation of the policy contained in this document is

Subject to approval and signing off by all relevant Heads and/or Committees,

Including but not limited to:

- Municipal Manager; and
- Municipal Council.



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## 1. DEFINITION

"Council" means a municipal Council established in section 18 of the Municipal Structures Act and referred to in section 157(1) of the Constitution.

"Creditor" means a person to whom money is owed to by the municipality.

"Customer" means any person comprising:

resident of the municipality;

ratepayer of the municipality;

any civic organization involved in the municipality; and/or

any visitor or other people who make use of services or facilities provided by the municipality.

"Primary bank account" means a bank account referred to in section 8(1) of the Municipal Finance Management Act.

"Register" means the official register kept to receipt all unclaimed deposits.

"Municipality" means the Ga-segonyana Local Municipality established in terms of Section 155 of the Constitution.

## 2. INTRODUCTION

Unclaimed monies are a challenge faced by the municipality where monies are deposited into the municipal primary bank account or payable which cannot be identified nor are claimed by any creditor of the municipality. Monies are unclaimed for various reasons and commonly arise amongst other things from the following:

- (i) Monies deposited into the municipal primary bank account without any
- (ii) reference or documentary proof.
- (iii) Amounts/deposits payable to consumers or creditors which were either not claimed or banked.
- (iv) Creditors/consumers are unaware of their legal right to the monies.
- (v) Creditors/consumers direct deposits are untraceable
- (vi) Deposits paid for utilization of facilities not claimed by customer.

### 3. OBJECTIVE

The objectives of the policy are to:

- (i) To provide a framework on how to deal with unknown or unclaimed monies in the municipal bank account.
- (ii) To reduce the liability of the municipal bank account

### 4. LEGISLATIVE FRAMEWORK

Local Government Municipal Finance Act, Act 56 of 2003.

### 5. IDENTIFICATION OF UNCLAIMED DEPOSITS

- (I) An unclaimed direct deposit is any amount of money legally paid into the municipal primary bank account without any reference or documentary proof on how the monies should be allocated and that remains unclaimed for a period of six (6) months.
- (II) Unclaimed monies are any amount of money legally paid by customer as security for municipal services for the use of facilities which are not claimed within a period of six (6) months.

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### 6. REGISTER OF UNCLAIMED MONEY

- (i) After all processes are exhausted to identify the unallocated monies and the period as mentioned in paragraph 5 has expired all unclaimed monies will be receipted in a register kept by the municipality.
- (ii) The register will be maintained and updated regularly and be kept for a period of six(6) months
- (iii) After the unclaimed monies are deposited in the register any person can claim the monies from date the monies were deposited or become unclaimed subject to that documentary proof is provided by the cashier to claim the monies.
- (iv) The value of unclaimed monies and/or direct deposits for a period before or within six (6) months will be recognized as a liability in the financial statements of the municipality.
- (v) The value of unclaimed monies and/or direct deposits for a period before or within six (6) months will be recognized as Other Income for the municipality in the financial statements of the municipality.



**7. UNCLAIMED MONEY TO BE PAID AS PUBLIC REVENUE**

Should unclaimed monies not be claimed within a period of six (6) months the monies will be written off from the register and be receipted as Other Income in that Financial year

The following process must be followed before any monies are receipted as revenue:

- (i) The register will be advertised in the media in terms of section 21A of the Systems Act, Act 32 of 2000 that it will lie open for public inspection.
- (ii) Such register must lie open for a period of four (4) months in the municipal website.
- (iii) The register to be advertised on two (2) local papers, two(2) times in the period of four (4) months in which the unclaimed deposit related to. \the register will be made available for inspection of the main municipal buildings.
- (iv) The prescribed form must be made available for inspection of the main municipal buildings.
- (v) The prescribed form must be completed with documentary proof should any monies be claimed by a customer or creditor.
- (vi) After the four (4) months period a report will be submitted to Council on the unclaimed monies to be written off from the register and be transfer to Other Income of the municipality.

**8. REVIEW**

This policy will be reviewed annually to ensure that it complies with changes in applicable legislation and the operating requirements of the municipality.

**9. TITLE OF THE POLICY**

This policy shall be called the Unclaimed Deposits Policy of the Ga-segonyana Local Municipality

